NEW ISSUE – BOOK-ENTRY ONLY **RATING: Standard & Poor's "A+"**
(See "RATING" herein)

In the opinion of Bond Counsel, under existing law interest on the Series A Bonds and the Series B Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the tax covenants described herein, interest on the Series A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum income tax imposed on corporations and individuals. The Authority has taken no action to cause, and does not intend for, interest on the Series B Bonds to be excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes. See "TAX MATTERS" herein.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

$15,160,000	**$220,000**
Revenue Bonds (Oxnard Fire Station Project)	**Revenue Bonds (Oxnard Fire Station Project)**
2014 Series A	**2014 Series B (Taxable)**

Dated: Date of Delivery **Due: December 1, as shown on the inside cover**

The $15,160,000 California Municipal Finance Authority Revenue Bonds (Oxnard Fire Station Project) 2014 Series A (the "Series A Bonds") and the $220,000 California Municipal Finance Authority Revenue Bonds (Oxnard Fire Station Project) 2014 Series B (Taxable) (the "Series B Bonds," and together with the Series A Bonds, the "Bonds") will be issued as fully-registered bonds registered in the name of a nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Bonds will not receive physical delivery of bond certificates. Payments of the principal of, premium, if any, and interest on the Bonds will be made to DTC by Wilmington Trust, N.A., as trustee (the "Trustee"). Disbursement of payments to DTC Participants is the responsibility of DTC, and disbursement of payments to the Beneficial Owners is the responsibility of DTC Participants. See Appendix C – "BOOK-ENTRY SYSTEM." Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2014.

The Series A Bonds are subject to optional and extraordinary redemption as described herein. The Series B Bonds are not subject to optional redemption but are subject to extraordinary redemption as described herein. See "THE BONDS – Redemption" herein.

The Bonds are being issued by the California Municipal Finance Authority (the "Authority"), which will loan the proceeds of the Bonds to Oxnard Fire Station, LLC, an Arizona limited liability company (the "Borrower"), whose sole member is Community Finance Corporation, an Arizona nonprofit corporation (the "Member") pursuant to a Loan Agreement (as defined herein). The proceeds of the Bonds will be used to (i) finance the design, acquisition, construction and equipping of a "turn-key" fire station including a training facility to be leased to the City of Oxnard (the "City"), (ii) finance 24 months of capitalized interest on the Bonds, (iii) fund a debt service reserve for the Bonds, and (iv) pay certain of the costs of issuing the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

None of the Authority, any Authority member or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Authority, payable solely from and secured by the pledge of Revenues under the Indenture. Neither the Authority, its members, the State of California (the "State"), nor any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the Authority, its members, the State or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

This cover page contains certain information for quick reference only. It is not intended to be a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered by the Underwriter when, as and if issued by the Authority, and accepted by the Underwriter, subject to the approval of legality by Fulbright & Jaworski LLP, Bond Counsel, a member of Norton Rose Fulbright and subject to certain other conditions. Fulbright & Jaworski LLP is serving as Disclosure Counsel. Approval of certain legal matters will be passed upon for the Authority by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, for the Underwriter by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, and for the Borrower and the Member by Slosser Struse PLC, Tucson, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about January 9, 2014.

STIFEL

Dated: December 18, 2013

MATURITY SCHEDULE

$15,160,000
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Revenue Bonds
(Oxnard Fire Station Project)
2014 Series A

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP[†]
2016	$470,000	4.000%	1.170%	13048TQX4
2017	715,000	4.000	1.520	13048TQY2
2018	745,000	5.000	2.000	13048TQZ9
2019	780,000	5.000	2.470	13048TRA3
2020	820,000	4.000	2.970	13048TRB1
2021	850,000	4.000	3.400	13048TRC9
2022	885,000	4.000	3.690	13048TRD7
2023	920,000	3.625	3.950	13048TRE5
2024	955,000	5.000	4.160*	13048TRF2
2025	1,005,000	4.125	4.400	13048TRG0
2026	1,045,000	4.250	4.540	13048TRH8
2027	1,090,000	4.500	4.660	13048TRJ4
2028	1,140,000	4.625	4.780	13048TRK1
2029	1,190,000	4.625	4.870	13048TRL9
2030	1,245,000	4.750	4.950	13048TRM7
2031	1,305,000	5.000	5.050	13048TRN5

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* Yield to first call date of December 1, 2023 at par.

$220,000
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
Revenue Bonds
(Oxnard Fire Station Project)
2014 Series B (Taxable)

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP
2016	$220,000	2.65%	2.65%	13048TRP0

[†] CUSIP is a registered trademark of The American Bankers Association. The CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Services. Neither the Authority nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction in which or to any person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by the California Municipal Finance Authority (the "Authority"), the Oxnard Fire Station LLC (the "Borrower") or Stifel, Nicolaus & Company, Incorporated (the "Underwriter") to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

Neither the Authority nor its independent contractors has furnished, reviewed, investigated or verified the information contained in this Official Statement other than the information contained in the section entitled "THE AUTHORITY" and in the section entitled "ABSENCE OF MATERIAL LITIGATION - The Authority." The Authority does not and will not in the future monitor the financial condition of the Borrower or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Bonds or the Borrower has been undertaken solely by the Borrower. See "CONTINUING DISCLOSURE" herein.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The City maintains an Internet website, but the information on the website is not incorporated into this Official Statement.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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OFFICIAL STATEMENT

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

\$15,160,000	**\$220,000**
Revenue Bonds	**Revenue Bonds**
(Oxnard Fire Station Project)	**(Oxnard Fire Station Project)**
2014 Series A	**2014 Series B (Taxable)**

INTRODUCTION

This Introduction contains a brief summary of certain of the terms of the Bonds being offered hereby and a full review should be made of the entire Official Statement, including the cover page and the Appendices hereto in order to make an informed investment decision. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the laws of the State of California (the "State") or any documents referred to herein do not purport to be complete and such references are qualified in their entirety to the complete provisions thereof. Capitalized terms used and not otherwise defined herein are defined in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" or in the Indenture, the Lease or the Loan Agreement, as applicable.

General

This Official Statement, including the cover page and Appendices hereto (this "Official Statement"), provides certain information in connection with the offering of $15,160,000 Revenue Bonds (Oxnard Fire Station Project) 2014 Series A (the "Series A Bonds") and $220,000 Revenue Bonds (Oxnard Fire Station Project) 2014 Series B (Taxable) (the "Series B Bonds," and together with the Series A Bonds, the "Bonds") of the California Municipal Finance Authority (the "Authority"). The Bonds will be issued pursuant to the provisions of the Joint Exercise of Powers Act, comprising Chapter 5 of Division 7 of Title 1 (commencing with section 6500) of the Government Code of the State, as amended (the "Act") and an Indenture of Trust, dated as of January 1, 2014 (the "Indenture"), by and among the Authority, the Oxnard Fire Station, LLC (the "Borrower") and Wilmington Trust, N.A., as trustee (the "Trustee").

The Authority will loan the proceeds of the Bonds to the Borrower pursuant to a Loan Agreement, dated as of January 1, 2014 (the "Loan Agreement"), by and between the Authority and the Borrower. Payments under the Loan Agreement will be made from amounts received by the Borrower from the City of Oxnard, California (the "City") pursuant to the Master Lease and Option to Purchase, dated as of January 1, 2014 (the "Lease"), by and between the Borrower and the City. The proceeds of the Bonds will be used to (i) finance the design, acquisition, construction and equipping of a "turn-key" fire station including a training facility (the "Oxnard Fire Station") for lease by the Borrower to the City, (ii) finance 24 months of capitalized interest on the Bonds, (iii) fund a debt service reserve for the Bonds, and (iv) pay certain of the costs of issuing the Bonds. The City has covenanted in the Lease not to acquire, construct or equip, or cause the acquisition, construction or equipping of, a fire station that will provide fire protection services substantially within the proposed service are of the Oxnard Fire Station until such time the Oxnard Fire Station has been completed and is operational.

Pursuant to a Site Lease, dated as of January 1, 2014 (the "Site Lease"), by and between the City and the Borrower, the City will lease the site to the Borrower on which the Oxnard Fire Station will be constructed.

The Borrower

Oxnard Fire Station, LLC (the "Borrower" or in certain cases relating to the construction documents, the "Owner") is an Arizona limited liability company formed by Community Finance Corporation (the "Member"), its sole member, for the purpose of financing the acquisition, design, construction and equipping of the Oxnard Fire Station. The Borrower does not employ any staff to carry out any functions; its operations are controlled by the Member and its management is reserved to the Member. The Member will provide all necessary administrative services to the Borrower.

The Borrower has no operating history, no historical earnings, no significant assets and no significant liabilities other than the Bonds or those liabilities associated with the Oxnard Fire Station. The Borrower is wholly dependent upon payments from the City under the Lease or from funds made available under the Indenture to meet its obligations under the Loan Agreement.

See "OXNARD FIRE STATION – The Borrower" herein.

The City

The City is located in western Ventura County (the "County") on the shore of the Pacific Ocean. The City is approximately 65 miles northwest of the City of Los Angeles, 35 miles south of the City of Santa Barbara, and 6 miles south of the county seat of the County. The City is the largest city in the County, with a population estimated at 200,855 in 2013, accounting for approximately 24% of the County's population. The City has a diversified economic base composed of agriculture and related business, retail, various services, and governmental agencies.

The City was incorporated as a general law city on June 30, 1903, and operates under a council-manager form of government. The City is governed by a five-member City Council elected at large for four-year alternating terms, with the exception of the Mayor, who is directly elected for a two-year term.

See APPENDIX A – "CERTAIN INFORMATION RELATING TO THE CITY OF OXNARD" and APPENDIX B – "FINANCIAL STATEMENTS OF THE CITY OF OXNARD" for demographic and financial information relating to the City.

Changes Since Date of Preliminary Official Statement

Both of the APPENDIX A – "CERTAIN INFORMATION RELATING TO THE CITY OF OXNARD" and APPENDIX B – "FINANCIAL STATEMENTS OF THE CITY OF OXNARD" have been updated to reflect the receipt of the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2013.

The Bonds

The Bonds will be dated the date of delivery, will be issued in fully registered form in denominations of $5,000 or any integral multiple in excess thereof (each an "Authorized Denomination"). Interest on the Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2014 (each, an "Interest Payment Date").

The Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to their maturity as described herein. See "THE BONDS – Redemption" herein.

Book-Entry System

The Bonds will be registered in the name of a nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchases of the Bonds may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Bonds will not receive physical delivery of the Bonds. Payments of principal of, premium, if any, and interest on the Bonds are payable by the Trustee to DTC, which will in turn remit such payments to the DTC Participants, which will in turn remit such payments to the Beneficial Owners of the Bonds. See APPENDIX C – "BOOK-ENTRY SYSTEM."

Sources of Payment of the Bonds

The Authority is obligated to pay the Bonds solely from Revenues (as defined herein) and the other funds available therefor under the Indenture. Under the Loan Agreement, the Borrower has pledged Gross Revenues (as defined herein) to the payment of loan payments to be made under the Loan Agreement ("Loan Payments"), which are due in amounts and at the times necessary to pay the principal of, premium, if any, and interest to the date of maturity or redemption of the Bonds, when due. Gross Revenues primarily consist of rental payments under the Lease.

Pursuant to the Lease, the City will be required, subject to its abatement rights, to pay Base Rental and, as Additional Rental, any taxes, assessments, and insurance premiums with respect to the Oxnard Fire Station and the fees, costs, and expenses incurred by the Authority, the Borrower and the Trustee in connection with the Lease, the Indenture, or the Oxnard Fire Station. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Base Rental." Base Rental payments are payable five business days prior to each June 1 and December 1, commencing on the Commencement Date, which is defined in the Lease to mean the date upon which certificate of occupancy has been issued with respect to the Oxnard Fire Station. Each Base Rental payment shall apply to the immediately preceding six month period. **The City's obligation to pay Base Rental payments commences upon substantial completion of the Oxnard Fire Station and the issuance of a permanent or temporary certificate or certificates of occupancy permitting legal and beneficial occupancy, operation and use of the Oxnard Fire Station for its intended purpose (the "Commencement Date"). A delay in the construction schedule beyond the capitalized interest period and any liquidated damage period (if applicable) would have a material adverse impact on the Borrower's ability to make Loan Payments and accordingly the Authority's ability to make debt service on the Bonds. See "INVESTMENT CONSIDERATIONS" herein.**

Base Rental payments are subject to abatement during any period in which, by reason of a material title defect or material damage, destruction, or condemnation, there is substantial interference with the City's right to use and occupy the Oxnard Fire Station or any portion thereof.

Under the Lease, at all times following the Commencement Date, the City is required to maintain rental interruption insurance covering a period of 24 months, in an amount equal to two times the maximum annual Base Rental payments. In addition, the Oxnard Fire Station will be insured, through insurers meeting certain requirements set forth in the Lease, against loss or damage. Any net insurance proceeds and condemnation awards will be applied to repair or replace the Oxnard Fire Station or to redeem all or a portion of the Bonds. See "THE BONDS – Redemption of Bonds – Extraordinary Redemption From Unexpended Proceeds or Insurance or Condemnation Proceeds" and APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS."

The City has covenanted in the Lease to take such action as may be necessary to include and maintain all Base Rental payments and Additional Rental payments due under the Lease in its annual budget, and to make the necessary annual appropriations for all such payments, as long as a portion of the

Oxnard Fire Station with fair rental value sufficient to support such Base Rental payments and Additional Rental payments is available for the City's use. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Base Rental" and APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS."

None of the Authority, any Authority member or any person executing the Bonds is liable personally for the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Authority, payable solely from and secured by the pledge of Revenues under the Indenture. Neither the Authority, its members, the State, nor any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the Authority, its members, the State or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

Debt Service Reserve Fund

Payments of principal of, premium, if any, and interest on the Bonds will also be secured by amounts on deposit in the Debt Service Reserve Fund established under the Indenture at the Debt Service Reserve Requirement. On the date of delivery of the Bonds, the Debt Service Reserve Fund will be funded at the Debt Service Reserve Requirement in the amount of $1,372,150.

Leasehold Deed of Trust

To secure its obligations under the Loan Agreement and the Indenture, the Borrower will execute and deliver a Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of January 1, 2014 (the "Leasehold Deed of Trust"), for the benefit of the Trustee, as trustee for the Owners of the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Leasehold Deed of Trust" and "INVESTMENT CONSIDERATIONS – Limitations Relating to the Leasehold Deed of Trust" herein.

Continuing Disclosure

The Borrower will agree in a Continuing Disclosure Agreement, dated as of January 1, 2014 (the "Continuing Disclosure Agreement"), by and between the Borrower and the Trustee, as Dissemination Agent thereunder, to provide, or to cause to be provided, certain annual financial information and operating data relating to the City and notices of certain enumerated events. See "CONTINUING DISCLOSURE" herein.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement, including in Appendix A attached hereto, constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are believed to be reasonable, there can be no assurance that such expectations will prove to be correct. The Authority and the Borrower are not obligated to issue any updates or revisions to the forward-looking statements if or when the expectations, events, conditions or circumstances on which such statements are based occur.

Additional Information

The brief descriptions of the Bonds, the Indenture, the Loan Agreement, the Leasehold Deed of Trust, the Lease, the Continuing Disclosure Agreement and documents, statutes, reports and other instruments included in this Official Statement do not purport to be complete, comprehensive or definitive. All references to such documents and other documents, statutes, reports and other instruments are qualified in their entirety by reference to such document, statute, report or instrument. Copies of the Bonds, the Indenture, the Loan Agreement, the Leasehold Deed of Trust, the Lease and the Continuing Disclosure Agreement may be obtained, upon written request, from the Trustee.

OXNARD FIRE STATION

General Description

The Oxnard Fire Station will be the eighth fire station for the City and is designed to be a 13,956 square foot fire station and training complex to be constructed on the City owned property at 3000 South Rose Avenue which is on the Southeast corner of South Rose Avenue and East Channel Islands Boulevard in the City (the "Site"). The Site is currently a vacant land parcel of 2.49 acres located adjacent to the 70 acre College Park. The Site is owned by the City and will be leased to the Borrower pursuant to a Site Lease, dated as of January 1, 2014, by and between the City and the Borrower. The Oxnard Fire Station, including its associated training building, will occupy approximately 2.15 acres of the Site and the ancillary training yard will occupy the remaining approximate 0.35 acre.

The Oxnard Fire Station will contain a total of 13,956 square foot of building area consisting of an approximate 13,036 square foot fire station building and an approximate 920 square foot separate training building. The main station will have four "High-Bay" indoor drive isles to house fire apparatus vehicles, along with areas for administrative uses, living quarters & ancillary support spaces. The training building will have classroom and audio/visual amenities, restrooms and storage.

The Oxnard Fire Station amenities and improvements include: (a) four emergency vehicle apparatus bays; (b) ten dormitory living quarters with individual, private restrooms; (c) public lobby and ADA compliant public restroom; (d) administrative offices; (e) public lobby area; (f) firemen day-room, kitchen and dining facilities; (g) physical fitness gym; (h) paramedic emergency medical supply unit; (i) workshop, hose storage, oxygen supply, "Turn-Out" & storage rooms; (j) ancillary building equipment & support spaces; (k) naturally ventilated and day-lighted apparatus bays; and (l) conference and library room.

Both buildings will be one story structures of "Type-V, non-rated" construction and have automatic fire sprinkler systems. The main fire station structure will comply with all "Essential Public Safety Building" design code standards, as well as "Cal-Green" building code requirements.

Training center amenities and improvements include: (a) open educational and conference space; (b) audio/visual equipment; (c) ADA compliant restroom; (d) classroom equipment and storage space; (e) interior serving counter; and (f) interior furnishings, fixtures and equipment.

Site amenities and improvements will include: (a) two ingress and one egress vehicle access driveways; (b) approximate 49,000 square foot heavy truck traffic concrete paving and hardscape; (c) approximate 15,940 square foot heavy truck traffic concrete Vehicle Apparatus Training Yard with two fire hydrants for training purposes and night lighting; (d) emergency generator back-up power supply; (e) on-site fuel island and above ground storage tank; (f) “Tiger” hose lift for drying hoses; (g) vehicle wash-down area; (h) bio-swale storm drainage; (i) 20,000+ square foot low maintenance/drought resistant landscaping; (j) site parking (20 employee and 5 public on-site parking spaces); (k) enclosed/secured masonry walls with automatic driveway gates; (l) exterior trash and storage enclosures; (m) covered patio recreational area; and (n) coordinated traffic signalization.

Renderings of the Oxnard Fire Station are shown the following page.

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HMC Architects

OXNARD FIRE STATION 8

HMC Architects

OXNARD FIRE STATION 8

Status of Entitlement

The following entitlement actions have been completed in connection with the Oxnard Fire Station (and their applicable appeal period have run and expired):

- Quitclaim of deed restrictions from the State of California and County of Ventura
- Environmental Impact Report (EIR) Addendum
- Special Use Permit
- Lot Line Adjustment
- Zone Change
- Zone Text Amendment

The above-described entitlement actions constitute all of the subjective jurisdictional approvals required for the construction of the Oxnard Fire Station. Upon issuance of the Bonds, the development team will complete the construction drawings for the Oxnard Fire Station and submit such drawings to the City for plan checking and issuance of the building permit. Plan checking is an objective process whereby the City has a duty to issue a building permit provided the subject plans comply with the applicable building codes.

Design, Permitting and Construction Schedule

Anticipated schedule of design, permitting and construction of the Oxnard Fire Station is as follows:

Completion of Construction Documents	April 2014
Issuance of Building Permit	July 2014
Substantial Completion/Rent Commencement	August 2015
Final Acceptance	October 2015
End of Capitalized Interest Period	January 9, 2016

No assurance can be made that the Oxnard Fire Station will be completed in accordance with the anticipated schedule above. Significant delay in the construction of the Oxnard Fire Station may have a material adverse impact on the Borrower's ability to make Loan Payments as the City's obligation to make Base Rental payments commences upon substantial completion of the Oxnard Fire Station. See "INVESTMENT CONSIDERATIONS – Construction Risks" herein. A portion of the proceeds of the Bonds will be used to fund 24 months of capitalized interest on the Bonds.

Project Costs

The following table presents the total estimated costs of the Oxnard Fire Station, including contingency funds:

		TOTAL COST	COST PER SQ. FT.	PERCENTAGE OF TOTAL COST
CONSTRUCTION & FURNISHING COSTS:				
Land (N/A Assume Ground Lease)		$ 0	$ 0.00	0.00%
Fire Station Shell & Interior Construction Cost		5,123,165	367.09	41.14
Sitework		2,350,981	168.46	18.88
Added Alternates (Training Building, Training Yard, Channel Islands Entrance)		814,051	58.33	6.54
Furniture Fixtures & Equipment		200,000	14.33	1.61
Off-Site Improvements (Excluded with Exception of Rose Ave. and Channel Islands Sidewalk)		0	0.00	0.00
Direct Cost Contingency (5.0% of Direct Costs Excl. Land)		424,410	30.41	3.41
SUBTOTAL CONSTRUCTION & FURNISHING COSTS		**$8,912,606**	**$638.62**	**71.57%**
DESIGN SERVICES	(Architectural, Structural, MEP, Landscape Design, Civil Engineering)	924,900	66.27	7.43%
CONSULTANTS	(Testing, Investigations, Inspections, Project Management)	970,075	69.51	7.79
MISC. SERVICES & COSTS	(Legal, Insurance, Indirect Contingency, Etc.)	72,911	5.22	0.59
	SUBTOTAL PROJECT COSTS	10,880,492	779.63	87.37
CITY SERVICES & FEES	(Entitlements, Plan Check, Utility Connections)	595,218	42.65	4.78
DEVELOPER FEE		977,655	70.05	7.85
TOTAL PROJECT COSTS		**$12,453,365**	**$892.33**	**100.00%**

Source: Developer.

Development Team

Lutzky Development, LLC (the "Developer") will act in the capacity of developer and project manager for the Oxnard Fire Station project. Borrower will contract with Bernards Bros. Inc. (the "General Contractor") for general contracting and construction services and will contract with HMC Group (the "Architect") for architechural/engineering services. The Developer or the Owner will subcontract with various independent testing and inspection professionals to verify the quality of the work. Description of certain of the development team members are as follows:

- **Developer** **Lutzky Development, LLC**

Company Profile

− *Type of Legal Entity:* Limited Liability Company

− *Principal Contact:* Richard Lutzky

− *Office Location:* 2915 Redhill Avenue, Suite C-101
Costa Mesa, CA 92626
714-323-7609

− *Services & Expertise:* Development, Project & Asset Management

- Due Diligence
- Entitlements
- Project Development
- Construction Management
- Real Estate Transactions
- Financing and Asset Management

− *Principal in Charge:* Richard Lutzky will be the Principal in charge of the Oxnard Fire Station project:

- Worked in the real estate industry since 1982.
- Founded Lutzky Associates Development, LP (Sole member of Lutzky Development, LLC) in 1998.
- Developed over 2 million square feet of commercial real estate with a construction value in excess $400 million since forming Lutzky Associates Development, LP.
- Product experience includes public works projects, R&D/flex; low and mid-rise office; data centers and industrial developments.

− *Notable Clients/Projects:* Lutzky Associates Development, LP

- First American Corporation; Developed $150 million, 535,000 Sq. Ft. including state of-the-art data center;
- County of Los Angeles projects; Developed over 505,000 Sq. Ft.; $37 million in improvement costs;
- Rancho Mission Viejo Company exclusive commercial office developer for new town of Ladera Ranch;
- Bowers Museum Of Cultural Art; developer for $14 million 33,000 SF expansion;

- **Architect HMC Group/HMC Architects**

Company Profile

− *Type of Legal Entity:* California Corporation; established in 1959

− *Principal Contact:* Michael Mosakowski & Chris Taylor

− *Architect's License:* C19759

− *E&O Coverage:* $ 5,000,000 per claim

− *Office Location:*
3546 Concours Street
Ontario, CA 91764
909-989-9979

− *Resources:*
306 + professionals;
(9) Offices throughout California, Nevada, and Arizona;

− *Business Revenue:* Last (3) Years Annual Revenue $70M-$95M;

− Services & Expertise:

- Entitlements
- Programming, Planning & Design
- Construction Documents
- Project Management
- Cost Estimating & Scheduling
- Jurisdictional Agency Processing
- Real Estate Transactions
- Public & Private Financing; etc.

− *Company History:*

Development Experience; HMC Group and its principals have managed aspects of public and private developments. One example is HMC was the developer of the Concours Headquarters containing 60,000 gsf of LEED Silver office space.

Architectural Experience; In the last (10) years have designed and completed millions of square feet of public projects including;

- Fire Stations
- Police Stations
- Courthouses & Jails
- Public Works projects
- Healthcare Facilities
- Universities, Colleges, Community Colleges & K-12 Schools
- Libraries
- Convention Centers

Award-winning Design Firm: 50+ awards received since '08;
Ranked #26 Architectural Record Top 250 Firms '13;
Ranked #34: Architect Magazine 100 US Architecture Firms '09;
Ranked #10: Building Design + Construction
Ranked #142: ENR top 500 Firms
Ranked # 63: Interior Design Giants
Ranked #57: Top 100 Design Giants Healthcare
Ranked #8: Top 10 Healthcare Interior Giants
Ranked #11: Los Angeles Business Journal

Ranked #31: San Francisco Business Times
Ranked #16: Modern Healthcare

− *Public Safety Projects:*

- Long Beach Fire Station No. 12;
- Town of Windsor; WFPD Fire Station No. 2;
- Marin County Fire Department Facilities Visioning Plan;
- Watsonville Fire Department Burn Tower;
- Menlo Park Fire Protection District Fire Stations No. 1;
- Menlo Park Fire Protection District Fire Stations No. 2;
- Menlo Park Fire Protection District Fire Stations No. 4;
- Menlo Park Fire Protection District Fire Stations No. 6 and Master Plan;
- Ben Lomond Fire Protection District Replacement Headquarters & Station;
- Yuba City Fire Station No. 4 Replacement;
- Bakersfield Fire Station No. 15 ;
- Yuba City Fire Station No. 7 Renovation;
- San Diego County Women's Detention Facility; County of San Diego; $221 M; 461,000 SF;
- LAX Airport Regional Courthouse; Los Angeles County Unified $67 M; 292,000 SF;
- Antelope Valley Courthouse; Los Angeles County Unified Courts; $78 M; 400,000 SF;

− *Notable Clients/Projects:*

- Kaiser Downey Medical Center Replacement Hospital; $371 M; 681,370 SF;
- Kaiser Fontana Replacement Hospital & Medical Office Bld'g; $305 M; 513,000 SF;
- J. Paul Leonard & Sutro Library; San Francisco State University; $101 M; 377,900 SF;
- Rady School of Management; University of California, San Diego; $80 M; 170,000 SF;
- Frontier LEED Platinum Demonstration Project; Cucamonga Valley Water District; $16.2 M; 14,200 SF;
- Torrance Memorial Medical Center Patient Tower; $316 M; 390,000 SF;
- Martin Luther King Jr. Medical Center Inpatient Tower Renovation & New Multi-Service Ambulatory Care Center; County of Los Angeles Department of Public Works; $260 M; 426,311 SF;
- McAfee Briefing Center; Confidential Cost; 202,617 SF;
- Elementary School #9; LAUSD; $23.5 M; 52,446 SF
- LAUSD High School #9; $171.0 M

- **General Contractor** **Bernards Bros., Inc.**

Company Profile

− *Type of Legal Entity:*	California Corporation; established in 1974
− *Principal Contact:*	Jeff Bernards
− *Contractor's License:*	California A & B No. 302007
− *Bonding Capacity:*	$ 700,000,000
− *Office Location:*	555 First Street San Fernando, CA 91340 818-898-1521
− *Resources:*	280 + employees; (5) offices in San Fernando, Orange County, Ontario, Fresno and Phoenix;
− *Business Revenue:*	2012 Annual Revenue $278 M;

− *Services & Expertise:*

- General Contracting
- Construction Management
- Construction
- Estimating & Scheduling
- Constructability Reviews
- Value Engineering

− *Company History:*

Bernards is a nationally ranked construction management & general contracting firm;

General Contractor Experience; In the last (10) years have designed and completed millions of square feet of public projects including:

- Fire Stations
- Police Stations
- Jails & Detention
- Public Works projects
- Regional Healthcare Facilities
- Universities, Colleges, Community Colleges & Schools

Award-winning General Contractor: Winning numerous Safety, Partnering & Construction Management awards;
Ranked #62: ENR Top 100 Green Contractors '12;
Ranked #115 ENR Top 400 National Contractors '12;

− *Public/Safety Projects:*

- Santa Ana Heights Fire Station & Training Facility; City of Newport Beach Fire Department; $6.8 M; 11,027 SF;
- Playa Vista Fire Station #67; Playa Capital Company; $8.2 M 15,000 SF;
- 20th Area Police Station; City of Los Angeles; $35.6 M; 153,335 SF;
- Moreno Valley Public Safety Building; City of Moreno Valley; $6.5 M; 50,400 SF;

- San Fernando Police Facility; City of San Fernando; $2.8 M; 46,000 SF;
- Whittier Police Facility Phase II; City of Whittier; $23.7 M; 50,625 SF;
- Larry D. Smith Correctional Facility Addition; County of Riverside; $62.9 M; 174,000 SF;
- Metro Detention Center; City of Los Angeles; $76.3 M; 159,950 SF;
- Public Safety Academy; College of the Desert; $10.9 M; 17,000 SF;
- Calabasas Civic Center and Library; City of Calabasas; $37.4 M; 62,000 SF;
- Sheriff's Training Academy at Santa Ana College; Rancho Santiago Community College District; $22.1 M; 50,000 SF;
- Camarillo Library; City of Camarillo; $20.1 M; 67,294 SF;

Development Agreement

Services

Pursuant to the Development Agreement (the "Development Agreement") between the Borrower and the Developer, the Developer is responsible for the day-to-day management of the Owner's contracts with the General Contractor and the Architect. The Developer is also responsible for procurement for the Oxnard Fire Station specified machinery, equipment and other furnishings and fixtures related to the operation, maintenance, and administration of the Oxnard Fire Station. The Developer is obligated to cause the General Contractor to perform services to achieve Substantial Completion of the Oxnard Fire Station within twenty-four (24) months from the delivery date of the Bonds (the "Scheduled Completion Date").

"Substantial Completion" is evidenced by (i) a permanent or temporary certificate or certificates of occupancy, as applicable, is issued by the City that permits legal and beneficial occupancy, operation and use for the Oxnard Fire Station for its intended purposes; and (ii) all building systems are in good working order to support the operation of the Oxnard Fire Station.

Contract Price

In consideration of the performance and subject to the conditions of the Development Agreement, the Developer will be paid solely from the Construction Fund under the Indenture for its services pursuant to the Development Agreement the guaranteed fixed price equal to the Contract Price less the amounts actually paid to General Contractor, Architect and Owner's Inspector pursuant to their respective contracts with Owner and other costs included in the definition of Contract Price and listed on the schedule of values, provided Developer and Owner will approve the initial value of such contracts and other amounts. Owner agrees not to consent to any increases in such initial value unless such increases are approved in writing by the Developer.

"Contract Price" means all costs associated with the construction of the Oxnard Fire Station, in conformance with the plans and specifications whether incurred prior to or after the date of the Development Agreement and, without limiting the generality of the foregoing, will include:

(a) The cost of the construction of all buildings and structures to be used as or in conjunction with such Project;

(b) The cost of site excavation and preparation, including the cost of utility infrastructure;

(c) The cost of architectural, engineering, Owner's and Developer's legal, project management, insurance, jurisdictional permits & fees, development fees, financing consultant fees and related services including the cost of preparation of plans, specifications, studies, surveys, inspections, tests, studies and estimates of cost;

(d) Costs incurred in connection with carrying out any inspections required or made pursuant to statute, rule, or agreement of the parties; and

(e) The cost of specified machinery, equipment, furnishings, and facilities necessary or incident to the equipping of the Project so that it may be placed in operation as indicated in the Development Agreement.

For purposes of the Development Agreement, the Contract Price is established in the amount of $12,453,365. Such amount may be reduced by a certificate executed by the Owner and the Developer as a result of savings realized through the "Design Development" (as such term is used in the contract with the Architect) phase of the design of the Project, which certificate shall state the new Contract Price.

Payment

A progress payment disbursement from the Construction Fund, subject to the procedures set forth in the Development Agreement, in the Indenture and in the related documents which pertain to approval of Construction Fund disbursements, will be made to the Owner, or upon order of the Owner, directly to the Developer, General Contractor, Architect or other parties, as applicable, upon receipt by the Trustee of a requisition executed by an authorized representative of the Owner and Developer, together with an Application for Payment executed by the Developer and approved by the Owner's Inspector (which approval by the Owner's Inspector will only be required for and only apply to amounts payable to the General Contractor provided, however, the Owner's Inspector's approval shall not be required for amounts due to the General Contractor to reimburse for bond and insurance premiums and other costs incurred prior to the commencement of construction the total of which shall not exceed $191,594). Amounts included in any monthly Application for Payment payable to General Contractor shall be limited to ninety percent (90%) of the cost of labor, materials, equipment, overhead and profit incorporated into the work, less the aggregate of previous payments to General Contractor until such time as the General Contractor has submitted invoices to Developer equal to fifty percent (50%) of the total value of the Construction Contract after which time progress payments will be made to General Contractor each month in the amount of one hundred percent (100%) of the cost of labor, materials, equipment, overhead and profit incorporated into the work, less the aggregate of previous payments to General Contractor. Accordingly, ten percent (10%) of the amount due to General Contractor based upon the percentage of work completed will be retained from General Contractor until such time as the General Contractor has submitted invoices to Developer equal to fifty percent (50%) of the total value of the Construction Contract after which time no further amounts will be retained from General Contract. No such retention will be withheld from amounts due to parties other than General Contractor for non-construction costs including but not limited to Architect services, testing and inspection services, permit and fee costs, Developer's Fee and the Project Management Fee, as those terms are defined below. In no event shall payments be made to General Contractor, Architect, Owner's Inspector or any other party unless approved in writing by Developer.

The portion of the Contract Price representing Developer's fee of $977,655 (the "Development Fee"), as such amount may be adjusted due to line item adjustments in the schedule of values, and project management fee of $651,770 (the "Project Management Fee") shall be deemed earned, and shall be payable as follows:

> (1) 25% of the Development Fee and the Project Management Fee shall be due and payable on the date of issuance of the Bonds.
>
> (2) 50% of the Development Fee and the Project Management Fee shall be payable in 18 equal monthly installments of $27,157.08 for the Development Fee and $18,104.72 for the Project Management Fee, with the first such installment due thirty (30) days following the date of issuance of the Bonds.
>
> (3) The balance of the Development Fee, Project Management Fee and any remaining unspent portion of the Contract Price shall be due and payable to Developer in conjunction with the final payment of the Oxnard Fire Station.

Minor Changes

Architect may order minor changes to the Project that enhance or do not detract from the reliability or quality of the Oxnard Fire Station or any component parts thereof, provided that such changes are not inconsistent with the intent of the development and construction documents (the "Agreement Documents"), do not substantially alter the design or appearance of the Oxnard Fire Station or result in any increase or delay to the Contract Price, Schedule of Values, or Scheduled Completion Date.

Insurance

Developer shall secure and retain, or will cause to be secured and retained, such policy or policies of insurance which provide (i) coverage to protect against claims arising from services performed under the Development Agreement for damages because of injury to or destruction of tangible property; (ii) coverage to protect from actions by a third party against Developer as a result of Developer's services; and (iii) builders risk/casualty loss coverage for the Oxnard Fire Station. The insurance carriers must have an A. M. Best & Co. rating of at least "A-VIII". The general liability insurance coverage provided by Developer and other service providers will name the Trustee, the Borrower, the City and the Authority as additional insureds and will be primary and non-contributory. The builders risk insurance coverage required under the Development Agreement will name the Trustee as a loss payee. The insurance required of Developer may be provided by Developer or General Contractor pursuant to a project specific insurance policy or policies as further described in the Construction Contract. Additionally, should Developer subcontract for professional services in connection with the Oxnard Fire Station, Borrower agrees that it shall look solely to the professional liability insurance provided by such subcontractor (which shall have limits of not less than $1,000,000 per claim) and not to the professional liability carried by Developer in connection with such subcontracted services.

Liquidated Damages

If the date of Substantial Completion of the Oxnard Fire Station does not occur on or before the date which is twenty-four (24) months following the date of issuance of the Bonds, including any authorized extensions, it is mutually understood and agreed by and between the Borrower and the Developer that the use by the Borrower of the Oxnard Fire Station will be correspondingly delayed, and that by reason thereof, the Borrower will necessarily suffer great damages; that such damages from the nature of the case will be extremely difficult and impractical to fix; that the Borrower and the Developer have endeavored to fix the amount of said damages in advance in an amount equal to the scheduled daily debt service on the Bonds for each day's delay in the date of Substantial Completion beyond the date which is twenty-four (24) months following the date of issuance of the Bonds (including any authorized extensions); provided, that in no event will Developer pay such liquidated damages for more than six (6) months. Developer will pay such sum to the Borrower monthly in arrears within ten (10) days from Developer's receipt of written demand therefore. Developer will not be required to pay such liquidated damages to the extent any delay is caused solely by an act or failure to act by the City, City's employees, agents, independent contractors, consultants or any other person performing or required to perform services on behalf of the City and acting in accordance with the City's instructions, which if the delay is the result of an act or failure to act on the part of the City such act or failure to act must be intentional or willful in bad faith, or if any delay is the result of a Force Majeure event as such term is defined in the Development Agreement. Furthermore, Developer's obligation to pay liquidated damages shall be deemed to have been fulfilled to the extent Borrower receives liquidated damages from the General Contractor under the Construction Agreement.

Force Majeure event includes acts of God, war, acts of terrorism, civil commotion, governmental action, fire, storm, flood, explosion, strike, walkout, Abnormal Weather Conditions, other industrial disturbance, the delay or inability to obtain necessary permits for any portion of the Project after using commercially reasonable efforts to obtain same or any other cause beyond the Developer's reasonable control.

Abnormal Weather Conditions consist of severe or inclement weather conditions that deviate from the average of the preceding five (5) year climatic range during the same time interval based on National Oceanic and Atmospheric Administration National Weather Service statistics for the locality of the Project site and based on weather logs kept at the Project Site reflecting the effect of the weather on the progress in completing the Project.

The source of payment of any such liquidated damages will be unpaid Development Fee and Project Management Fee under the Development Agreement as the Developer has no other assets.

Construction Agreement

Services

Pursuant to the Construction Agreement (the "Construction Agreement"), between the Borrower and the General Contractor, the General Contractor is responsible for the construction of the Oxnard Fire Station within twelve (12) months from the Construction Commencement Date. Construction Commencement Date is defined as the first business day following the date the City issues a building permit for the Oxnard Fire Station. The General Contractor is subject to the guaranteed maximum price of \$8,288,195; provided, however, if the Construction Commencement Date does not occur on or prior to August 1, 2014, then the guaranteed maximum price shall be increased by 0.25% per month (\$20,720/month) for the first sixty (60) days after August 1, 2014 and 0.50% per month (\$41,441/month) thereafter (including a pro rata portion for any partial month). The amount of unpaid Development Fee and Project Management Fee available on August 1, 2014 from which such increases in the guaranteed maximum price would be paid will be approximately \$950,498.

Progress payments will be made based on the estimated percentage of work that has been completed using the schedule of values upon receipt of an application of payment as certified by the Architect and approved by the Borrower.

Insurance

Prior to entry onto the Site and/or commencement of work and at all times during the term of the Construction Agreement, the General Contractor is required to secure a Contractor Controlled Insurance

Program (CCIP), which will include the General Contractor and Developer as named insureds and will additionally provide coverage for certain of the General Contractor's subcontractors in connection with their performance of their work on the Oxnard Fire Station. The Borrower, the Trustee, the City and the Authority shall be named as an additional insured under the CCIP. The CCIP will provide coverage for general liability insurance and excess liability insurance for work performed on the Site, excluding automobile liability, professional liability and pollution liability, in the amount of $5 million for general liability and $45 million for excess liability per occurrence and in the aggregate which limits are combined limits for all projects enrolled in the CCIP by General Contractor during the policy period which runs through November 19, 2014 (plus 24 months term extension for all projects that started within the policy term to finish). General Contractor agrees and covenants that the combined contract value of all projects enrolled in the CCIP (excluding the Oxnard Fire Station project) shall in no event exceed $40,000,000. All insurers are required to be rated A-VIII or better at all times by the most recent rating of AM Best.

Liquidated Damages

The General Contractor's failure to achieve the established schedule will, except for an Unavoidable Delay or delays otherwise beyond General Contractor's reasonable control (but specifically excluding the actions or omissions of General Contractor's subcontractors, material suppliers and/or equipment suppliers) and delays caused by material changes to the design drawings prepared by the Architect, (i) be a material breach of the Construction Agreement and (ii) if General Contractor has not completed the work by the date that is thirteen (13) months following the Construction Commencement Date, it is mutually understood and agreed by and between the Borrower and the General Contractor that the use by the Borrower of the Oxnard Fire Station will be correspondingly delayed, and that by reason thereof, the Borrower will necessarily suffer great damages; that such damages from the nature of the case will be extremely difficult and impractical to fix; that the Borrower and the General Contractor have endeavored to fix the amount of said damages in advance at a sum equal to the scheduled daily debt service on the Bonds for each day's delay to achieve Substantial Completion beyond the date which is thirteen (13) months following the Construction Commencement Date provided, however, in no event will such amount exceed $3,761 per day (the "Delay Damages"). Such amount is expected to be sufficient to pay debt service on the Bonds as such payments become due and payable.

"Unavoidable Delay" means any prevention, delay or stoppage in the work caused by acts of God, war, riot, civil insurrection, lock-out, floods, more than 10 days of adverse weather conditions, earthquakes, fires, casualties, epidemics, quarantine restrictions, governmental regulations or controls or other similar matters or causes beyond the reasonable control of the party responsible therefor but specifically excluding the actions or omissions of General Contractor's subcontractors, material suppliers and/or equipment suppliers.

Payment and Performance Bond

Liberty Mutual Insurance Company ("Liberty") currently acts as surety for the General Contractor in its contracting matters. Liberty is a major, international provider of contract surety bonds, is listed in the Federal Register as a surety acceptable for Federal projects, and is a licensed, admitted surety in all fifty United States. Liberty has a Bests Guide rating of AXV.

Liberty will issue a payment bond and a performance bond guarantying the General Contractor's obligations under the Construction Contract including its obligation to pay liquidated damages.

Owner's Inspector

Michael Faulconer, AIA, NCARB, will act as Owner's Inspector under an Agreement for Profession Services (the "Owner's Inspector Agreement"). Under the Owner's Inspector Agreement, the Owner's Inspector will conduct monthly inspections of the construction of the Oxnard Fire Station to verify that the work is being done in substantial compliance with the approved plans and specifications. Furthermore, the Owner's Inspector will review and approve Developer's application for payments under the Development Agreement but only with respect to amounts due to the General Contractor after the commencement of construction at the Site. The Owner's Inspector is not an agent of or is in any way affiliated with the General Contractor or the Developer.

Michael Faulconer is the principal owner of Faulconer & Associates providing architecture, planning and design services. Michael Faulconer has 30 years of experience in low and mid-rise residential and commercial architecture in both the private and public sector with specialization in the following project types:

- Retail/Commercial/Residential mid-rise mixed use developments
- Housing (affordable, low income and market rate multi-family & single family housing)

Significant portion of his projects are located in the City of Oxnard and other areas within Ventura County.

The Borrower

The Borrower's sole member is Community Finance Corporation, an Arizona nonprofit corporation which has received a determination letter from the Internal Revenue Service recognizing the Member as exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986 (the "Code") because it is described in Section 501(c)(3) of the Code. For federal income tax purposes pursuant to 26 C.F.R. (Treas. Reg.) Section 301.7701-2(c)(2), a business entity (other than a corporation) such as the Borrower, which has a single owner, is disregarded as a separate entity and is treated as a mere division of a single owner such as the Member.

The Member, incorporated on April 25, 1991, is a nonprofit, nonstock corporation which exists for the purpose of lessening the burdens of government and to erect, finance the erection of, or maintain public buildings, monuments or works. The Member has financed 10 projects since December 2000 and maintains a portfolio totaling over $966 million.

Board of Trustees. The Member is governed by a board of trustees (the "Board of Trustees") which at a minimum consists of four (4) officers of the Member, including the President, the Vice President, Secretary and Treasurer, plus one (1) other director-at-large elected from the membership of the Member. The Board of Trustees may not exceed fifteen (15) persons. The Trustees serve until the next annual meeting of the members and are elected by the membership. The membership of the Member must be at least three (3) persons and is self-perpetuating. Vacancies may be filled and additional members may be elected by the membership at any regular or special meeting at which a quorum is present. Current Board of Trustee are as follows:

President - Michael Hammond (President & CEO, PICOR Commercial Real Estate Services). Michael Hammond has been in commercial real estate for over thirty years and formed PICOR Commercial Real Estate Services in 1985. Today, PICOR is Tucson's largest independent commercial Real Estate brokerage and management firm. Mr. Hammond is extensively involved in community service and positions of leadership in professional organizations, including the Arizona Association for

Economic Development (Past President), State of Arizona Commerce and Economic Development (Past Commissioner), Society of Industrial and Office Realtors (Past Chapter Chair, Past National Board Member) and the American Red Cross Southern Arizona Chapter (Past Chair).

Vice President - Vacant

Treasurer - Michael Arnold (Associate Director – Engineering Management Programs University of Arizona). Michael Arnold was a founder and managing director of Modular Mining, an Arizona based technology and services corporation purchased by Komatsu in 1994. Mr. Arnold subsequently served as Assistant Director of the Berger Entrepreneurial Program at the University of Arizona Karl Eller Business School and currently serves as Associate Director – Engineering Management Programs for the University of Arizona College of Engineering.

Secretary - Kendall Bert (Senior Vice President, Regional Competitiveness, Tucson Regional Economic Opportunities (retired)). Kendall Bert served as Economic Development Director for the City of Tucson since 1984, pursuant to which he was responsible for the coordination of City of Tucson economic development activities, including manufacturing assistance, workforce development, business retention and expansion, neighborhood revitalization and film promotion. Mr. Bert recently retired from the regional economic development organization TREO, where he served as Senior Vice President with a focus on regional competitiveness

Trustee - Kenneth Abrahams (Executive Vice President, Diamond Ventures, Inc.). Kenneth Abrahams has over 34 years of commercial real estate development experience, co-founding Lifezones Corporation, a regional landscape architecture and environmental engineering firm in 1975 and subsequently serving as VP Planning & Development with developer HSL Properties, Inc. Mr. Abrahams joined real estate developer and investor Diamond Ventures, Inc. in 1991, and currently serves as Executive Vice President, where his responsibilities include providing the overall creative vision and direction for a diverse real estate portfolio by managing planning, entitlement and development for a wide range of real estate projects.

Trustee - Kathleen Perkins has over 30 years of marketing, technical sales management experience, serving as Vice President of Sales, Marketing, and Customer Service for Tucson based Breault Research Organization. Ms. Perkins was promoted to CEO in 2003, where her work leading a team of engineers and scientists coincided with establishing Tucson as Arizona's "Optics Valley". Ms. Perkins subsequently went to work for the University of Arizona, where she led a number of efforts and organizations engaged in technology transfer and continues her work by leading a team engaged in big data/statistical analysis that will become mission critical to hundreds of sectors.

The Member contracts with the non-profit Business Development Finance Corporation ("BDFC") located in Arizona for general staffing and project management services. BDFC is a private non-profit corporation formed in 1979 whose mission includes stimulating business expansion by providing affordable financing and providing project management services for community based projects. BDFC is ranked among the top 50 largest Certified Development Company for the U.S. Small Business Administration 504 loan program, with a statewide service area. In addition, BDFC manages a $5 million ("mm") small business direct loan portfolio pursuant to its contracts with the City of Tucson. BDFC also serves as staff financial advisor and project manager for the Industrial Development Authority of the City of Tucson, AZ. The corporation has 16 employees and maintains offices in Tucson and Phoenix.

BDFC has provided over $70 mm in lease-revenue bond financing for the City of Tucson (6320 bonds) and has managed the development of over $250 mm of public sector and non-profit projects. Recent project management efforts include the $48.8 mm Santa Cruz County Justice Center, $4.5 mm Main Gate Center retail project, and the United Way's $5.2mm Tucson Resource Center.

Gary Molenda joined BDFC in 1987 as Development Group Manager and has served as President of BDFC since 1993. Mr. Molenda has a Master in Architecture and MBA degree from the University of Illinois, is a registered architect and is the qualifying party under BDFC's Arizona B-1 General Contractor's license.

Additional information relating to the Member may be obtained upon written request to: Community Finance Corporation, 335 North Wilmot Road, Suite 420, Tucson, Arizona 85711, Attention: Gary Molenda.

ESTIMATED SOURCES AND USES

The Borrower expects the proceeds of the Bonds to be applied approximately as follows:

	Series A Bonds	Series B Bonds
Estimated Sources of Funds		
Principal Amount of Bonds	$15,160,000.00	$220,000.00
Plus Net Original Issue Premium	304,519.25	-
Underwriter’s Discount	(151,600.00)	(2,200.00)
Total	$15,312,919.25	$217,800.00
Estimated Uses of Funds		
Construction Fund	$12,453,365.00	-
Capitalized Interest Account(1)	1,359,697.51	-
Debt Service Reserve Fund	1,352,522.37	19,627.63
Costs of Issuance Fund(2)	147,334.37	198,172.37
Total	$15,312,919.25	$217,800.00

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(1) Represents 24 months of capitalized interest on the Bonds.

(2) Includes legal fees, fees and expenses of the Trustee, Financial Advisor fees, initial administration fee of the Authority and the Borrower, rating agency fees, printing costs, and other costs incurred in connection with the issuance of the Bonds.

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DEBT SERVICE SCHEDULE

The following table sets forth the annualized debt service due on the Bonds assuming no redemption of the Bonds (rounded to the nearest dollar).

	Series A Bonds			**Series B Bonds**			
Bond Year Ending December 1	**Principal**	**Interest**	**Series A Bonds Total Debt Service**	**Principal**	**Interest**	**Series B Bonds Total Debt Service**	**Total Debt Service**
2014	-	$602,872	$602,872	-	$5,215	$5,215	$608,087
2015	-	674,019	674,019	-	5,830	5,830	679,849
2016	$470,000	674,019	1,144,019	$220,000	5,830	225,830	1,369,849
2017	715,000	655,219	1,370,219	-	-	-	1,370,219
2018	745,000	626,619	1,371,619	-	-	-	1,371,619
2019	780,000	589,369	1,369,369	-	-	-	1,369,369
2020	820,000	550,369	1,370,369	-	-	-	1,370,369
2021	850,000	517,569	1,367,569	-	-	-	1,367,569
2022	885,000	483,569	1,368,569	-	-	-	1,368,569
2023	920,000	448,169	1,368,169	-	-	-	1,368,169
2024	955,000	414,819	1,369,819	-	-	-	1,369,819
2025	1,005,000	367,069	1,372,069	-	-	-	1,372,069
2026	1,045,000	325,613	1,370,613	-	-	-	1,370,613
2027	1,090,000	281,200	1,371,200	-	-	-	1,371,200
2028	1,140,000	232,150	1,372,150	-	-	-	1,372,150
2029	1,190,000	179,425	1,369,425	-	-	-	1,369,425
2030	1,245,000	124,388	1,369,388	-	-	-	1,369,388
2031	1,305,000	65,250	1,370,250	-	-	-	1,370,250
Total	**$15,160,000**	**$7,811,704**	**$22,971,704**	**$220,000**	**$16,875**	**$236,875**	**$23,208,578**

THE BONDS

General

The Bonds will be issued and sold in the aggregate principal amounts set forth on the inside cover page hereof as fully registered bonds in Authorized Denominations. Interest on the Bonds is payable on each Interest Payment Date. The principal of, premium, if any, and interest with respect to the Bonds is payable by the Trustee to DTC, which will in turn remit such principal, premium, if any, and interest to the DTC Participants, which will in turn remit such principal, premium, if any, and interest to the Beneficial Owners of the Bonds.

The Bonds will be dated their date of issuance and will bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the Interest Payment Date next preceding the date of authentication thereof, or if a Bond is authenticated on or before the Record Date for the first Interest Payment Date, from its initial date of delivery; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Redemption

Optional Redemption of the Series A Bonds. The Series A Bonds maturing on or after December 1, 2024, are subject to redemption prior to their respective stated maturities, as a whole or in part, on any date on and after December 1, 2023, at the principal amount of the Series A Bonds to be redeemed, without premium, plus unpaid accrued interest, if any, to the date of redemption, from any moneys received by the Trustee from the Borrower pursuant to the Loan Agreement. The maturities and the principal amount of the Series A Bonds of each maturity to be redeemed will be as directed by the Borrower.

No Optional Redemption of the Series B Bonds. The Series B Bonds are not subject to optional redemption.

Extraordinary Redemption From Unexpended Proceeds or Insurance or Condemnation Proceeds. The Bonds are subject to extraordinary redemption prior to maturity in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, in an amount equal to the unused proceeds of the Bonds after completion or abandonment of the improvements to be financed with such proceeds or proceeds of insurance or condemnation awards. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS” for a summary of application of unexpended proceeds or insurance or condemnation proceeds.

Redemption Procedures

Notice of Redemption. The Trustee, for and on behalf of the Authority, shall give notice of any redemption by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the Owner of such Bond at the address shown on the Bond Register on the date such notice is mailed; (ii) the Securities Depositories; (iii) one or more Information Services; (iv) the Authority, and (v) the MSRB. Notice of redemption to the Securities Depositories, the Information Services, the MSRB shall be given by telecopy or other electronic means confirmed by first class mail. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds to be redeemed, the redemption date, the redemption price, the place of redemption (including the name and appropriate address of the Trustee), the principal amount, the CUSIP numbers (if any) of the Bonds to be redeemed and, if less than all, the distinctive certificate numbers of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that the interest on the Bonds designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the principal amount thereof to be redeemed and any unpaid interest accrued thereon to the redemption date and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Notwithstanding the foregoing, failure by the Trustee to give notice pursuant to this paragraph to the Authority or any one or more of the Information Services or the Securities Depositories, the MSRB or the insufficiency of any such notices shall not affect the sufficiency of the proceedings for redemption. Failure to mail the notices required by this paragraph to any Owner of any Bonds designated for redemption, or any defect in any notice so mailed, shall not affect the validity of the proceedings for redemption of any other Bonds. With respect to any notice of optional redemption of Bonds, unless upon the giving of such notice such Bonds are to be deemed to have been paid within the meaning of the Indenture, such notice shall also state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the redemption price of such Bonds to be redeemed, and that if such amounts shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. If such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice to the Persons and in the manner in which the notice of redemption was given that such amounts were not so received.

Selection of Bonds for Redemption. The principal amount of Bonds of each maturity to be redeemed will be as specified by the Borrower. If less than all of the Bonds of any maturity are called for redemption, the Trustee is required to select the Bonds of such maturities, or any given portion thereof, to be redeemed, by lot in such manner as it may determine. Notwithstanding the foregoing, if less than all of the Bonds of any maturity are to be redeemed, selection of the Bonds to be redeemed will be made in accordance with customary practices of DTC or the applicable successor depository, as the case may be.

Effect of Redemption. Notice of redemption having been duly given as described under "Notice of Redemption" above, and moneys for payment of the redemption price being held by the Trustee, the Bonds so called for redemption will, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, interest on the Bonds so called for redemption will cease to accrue, such Bonds will cease to be entitled to any lien, benefit or security under the applicable Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof (including interest, if any, accrued to the redemption date), without interest accrued on any funds held after the redemption date to pay such redemption price.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Pledge of Revenues under the Indenture

The principal of and interest on the Bonds are payable solely from and secured solely by the Revenues, the Leasehold Deed of Trust, the Lease (other than Reserved Rights) and all amounts and securities in the funds and accounts held by the Trustee (other than the Rebate Fund and any account therein) and pledged under the Indenture. "Revenues" means all receipts, payments and other income derived by the Authority or the Trustee pursuant to the Loan Agreement (except any payments owed by the Borrower to the Authority in connection with its Reserved Rights made pursuant to the Loan Agreement), including all Loan Payments and all amounts received by the Borrower under the Lease constituting Gross Revenues (as defined herein) under the Loan Agreement, or otherwise in respect of the financing of the Oxnard Fire Station as provided in the Loan Agreement, and any income or revenue derived from the investment of any money in any fund or account established pursuant to the Indenture (other than the Rebate Fund and the Additional Payments Fund and any account therein). Pursuant to the

Indenture, the Authority transfers, assigns and sets over to the Trustee all of the Revenues and any and all rights and privileges, other than certain reserved rights it has under the Loan Agreement, including, without limitation, the right to collect and receive directly all of the Revenues and the right to hold and enforce any security interest therein. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS."

Lease

The Borrower will enter into the Lease with the City for lease of the Oxnard Fire Station. **Base Rental payments under the Lease are the primary source of Loan Payments under the Loan Agreement and therefore the primary source of Revenues under the Indenture to secure the repayment of the principal of and interest on the Bonds.** Twenty-four (24) months of interest on the Bonds will be funded during the construction period for the Oxnard Fire Station. See "ESTIMATED SOURCES AND USES OF FUNDS" and "INVESTMENT CONSIDERATIONS" herein. **The City's obligation to pay Base Rental payments commences upon substantial completion of the Oxnard Fire Station and the issuance of a permanent or temporary certificate or certificates of occupancy permitting legal and beneficial occupancy, operation and use of the Oxnard Fire Station for its intended purpose ("Commencement Date"). A delay in the construction schedule beyond the capitalized interest period and any liquidated damage period (if applicable) would have a material adverse impact on the Borrower's ability to make Loan Payments and accordingly the Authority's ability to make debt service on the Bonds. See "INVESTMENT CONSIDERATIONS" herein.**

Should the City default under the Lease, the Lease and the Indenture provide that the Trustee may, with or without terminating the Lease, re-let the Property for the account of the City. In the event the Trustee re-lets the Property without terminating the Lease, the Trustee may hold the City liable for semi-annual payments of any cumulative net deficiency in Base Rental payments or Additional Rental under the Lease. In lieu of the foregoing, so long as the Trustee does not terminate the Lease or the City's right to possession of the Property, the Trustee may sue to recover Base Rental payments as they become due. The Trustee may not accelerate the City's obligation to make Base Rental payments.

Leasehold Deed of Trust

To secure its obligations under the Loan Agreement and the Indenture, the Borrower will execute and deliver the Leasehold Deed of Trust encumbering the Oxnard Fire Station. See "INVESTMENT CONSIDERATIONS – Limitations Relating to the Leasehold Deed of Trust" herein.

Debt Service Reserve Fund

A Debt Service Reserve Fund for the Bonds issued under the Indenture (the "Debt Service Reserve Fund") is established under the Indenture and is to be maintained in an amount equal to the Debt Service Reserve Requirement, which will be $1,372,150 on the date of issuance of the Bonds. "Debt Service Reserve Requirement" means, with respect to the Debt Service Reserve Fund and as of any date of calculation, an amount equal to the least of (a) ten percent (10%) of the initial offering price to the public of the Bonds issued under the Indenture and as determined under the Code, or (b) the greatest amount of the Bond Debt Service for the Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Bond issued under the Indenture is due, or (c) one hundred twenty-five percent (125%) of the sum of the Bond Debt Service for the Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating with the last Fiscal Year in which any Bond Debt Service for the Bonds is due, divided by the number of such Fiscal Years, all as computed and determined by the Borrower and specified in writing to the Trustee. If, on any date on which the principal or redemption price of, or interest on, any of the Bonds is due, the amount in the Bond Fund for the

Bonds available for such payment is less than the amount of the principal and redemption price of and interest on the Bonds due on such date, the Trustee is required to apply amounts from the Debt Service Reserve Fund to the extent necessary to make good the deficiency.

The Debt Service Reserve Requirement may be satisfied by a Reserve Financial Guaranty. "Reserve Financial Guaranty" means a policy of municipal bond insurance or surety bond issued by a municipal bond insurer or a letter of credit issued by a bank or other institution if the obligations insured by such insurer or issued by such bank or other institution, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit in the third highest rating category (without regard to qualifiers) by S&P and Moody's and, if rated by A.M. Best & Company, also in the third highest rating category (without regard to qualifiers) by A.M. Best & Company. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Indenture."

Insurance

Pursuant to the Lease, the City is required to secure and maintain (or cause to be secured and maintained) at all times following the Commencement Date with insurers of recognized responsibility or through a program of self-insurance (which may include risk sharing pools), insurance coverage on the Oxnard Fire Station as specified in the Lease, including (1) "all risk" insurance against loss or damage to the Oxnard Fire Station (excluding damage caused by earthquake and flood), (2) general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from operations involving the Oxnard Fire Station, with a combined single limit of not less than $2,000,000 per occurrence (or such greater amount as may from time to time be recommended by the City's risk management officer or an independent insurance consultant retained by the City for that purpose); provided, however, that the City's obligations under this clause (2) may be satisfied by self-insurance, (3) workers' compensation insurance to cover all persons employed by the City in connection with the Oxnard Fire Station and to cover liability for compensation under the California Labor Code or any act supplemental thereto or in lieu thereof; provided, however, that the City's obligations under this clause (3) may be satisfied by self-insurance, (4) rental interruption insurance to cover loss, total or partial, of the use of the Oxnard Fire Station as a result of any of the hazards covered by the "all risk" insurance described above, covering a period of 24 months, in an amount equal to two times the then-applicable maximum annual Base Rental payments, and (5) an ALTA policy or policies of title insurance for the Oxnard Fire Station in an amount not less than the initial aggregate principal amount of the Bonds. Pursuant to the Lease, all policies or certificates issued by the respective insurers for insurance, with the exception of workers' compensation insurance, are required to provide that such policies or certificates shall not be cancelled or materially changed without at least 30 days prior written notice to the Trustee. All policies and certificates described in clauses (1), (2), (4) and (5) will name the Trustee as an additional insured or loss payee, as applicable.

See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Lease."

Limited Obligation of Authority

None of the Authority, any Authority member or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Authority, payable solely from and secured by the pledge of Revenues under the Indenture. Neither the Authority, its members, the State, nor any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the Authority, its members, the State or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

Limitation on Encumbrances

Under the Loan Agreement, the Borrower covenants and agrees that it will not incur, create, assume or permit to exist any mortgage, deed of trust, pledge, security interest, encumbrance, lien or charge of any kind (a "security interest") upon the Revenues or the Oxnard Fire Station whether now owned or hereafter acquired, except for Permitted Encumbrances. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS."

Limitations on Indebtedness

In the Loan Agreement, the Borrower covenants and agrees that it will not incur any indebtedness or financial obligations by borrowing money, by assuming or guaranteeing the obligations of others, by entering into installment purchase contracts or leases required to be capitalized in accordance with generally accepted accounting principles, or otherwise (other than indebtedness, not for borrowed money, incurred in the ordinary course of business and contractual liabilities for which moneys are available in the Construction Fund or otherwise).

No Additional Bonds

The Authority may not issue additional bonds payable from and secured by a pledge of the Revenues on a parity with the Bonds.

INVESTMENT CONSIDERATIONS

Investment in the Bonds involves substantial risks. The following information should be considered by prospective investors in evaluating an investment in the Bonds. However, the following does not purport to be an exclusive listing of risks and other considerations which may be relevant to investing in the Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of such risks.

Construction Risks

Construction Delays. Generally, in construction projects of the magnitude of the Oxnard Fire Station, there is a possibility of non-completion or of time delays and cost increases. Non-completion or delays may result from one or more reasons, including but not limited to (i) design and construction problems and resulting change orders, (ii) escalation of prices or wages or shortages of labor or materials, (iii) environmental litigation or environmental permitting approval and administrative matters, (iv) utility relocation problems, (v) archaeological, historic and unidentified or misidentified subsurface conditions, (vi) hazardous materials, (vii) force majeure events, and (viii) litigation. As a result, there can be no assurance that the costs of the Oxnard Fire Station will not exceed current estimates, or that the completion of the Oxnard Fire Station will not be delayed beyond the estimated completion dates. Variations in costs estimates and delays in construction could be material. Although measures have been taken to mitigate the impact of such delays and cost overruns (i.e. guaranteed maximum price Construction Contract, payment and performance bond, insurance policies), no assurance can be made that delays and cost overruns will not have a material adverse impact on the Borrower's ability to pay Loan Payments as such payments become due and payable.

While substantial completion date for the Oxnard Fire Station is projected to occur in August 2015, interest on the Bonds has been capitalized through 24 months from closing. Other than amounts on deposit in the Debt Service Reserve Fund and availability of liquidated damages and other contractual damages from the Developer, General Contractor or the City, there are no other sources for payment of debt service with respect to the Bonds if substantial completion of the Oxnard Fire Station is delayed past 24 months from closing. **The City's obligation to pay Base Rental payments commences only on the Commencement Date (i.e. substantial completion of the Oxnard Fire Station and the issuance of a certificate of occupancy).**

The source of payment of any such liquidated damages by the Developer under the Development Agreement will be unpaid Development Fee and Project Management Fee under the Development Agreement as the Developer has no other assets.

Events of Force Majeure. Construction and operation of the Oxnard Fire Station are at risk from events of force majeure, such as earthquakes or other natural disasters, epidemics, blockades, rebellions, war, riots, acts of sabotage, terrorism or civil commotion, among other events. Construction may also be halted or delayed by non-casualty events such as discovery of nondisclosed archaeological, paleontological or cultural resources, discovery of threatened or endangered species, court injunctions, or the suspension, termination, denial or failure to obtain or non-renewal of required governmental approvals, among other things. The City has agreed to remedy the existence of any nondisclosed archaeological, paleontological or cultural resources.

Failure of Providers of Performance and Payment Bonds and/or Property Insurance. A potential purchaser of the Bonds can have no assurance that any surety or property insurer will be willing or capable of meeting its responsibilities in connection with the Oxnard Fire Station, or that the issuer of any performance or payment bond or property insurance policy will honor or will be able to honor a claim in a timely manner.

The total contract price under the Construction Agreement is $8,288,195, and the Construction Agreement requires performance and payment bonds in an amount equal to the principal amount of the contract price.

Not all events are covered under such performance and payment bonds. The issuer of performance and payment bonds is not guaranteeing performance and payment under all circumstances, and the issuer of such bonds may assert any defenses it or the General Contractor may have for performance and payment. Moreover, in the event that a default occurs under the Development Agreement, Construction Agreement or Architect's Agreement, there is a possibility of litigation between the Borrower and the contracted party, or between the Borrower and the providers of the performance bonds or payment bonds, which could further delay the construction and opening of the Oxnard Fire Station. In addition, there can be no assurance that the Borrower could recover any amounts under any performance bonds or payment bonds.

Limited Insurance Coverage. Although the Developer is required to provide certain types of insurance coverage during construction of the Oxnard Fire Station, such required insurance policies do not cover damage and delay from all events that could interrupt construction including damage caused by earth movement or flood. Risks that may not be insurable/insured include the following risks that may delay the Oxnard Fire Station without causing property damage: epidemics, blockades, strikes and riots. Other risks that may not be insured/insurable include war, nuclear events, criminal or intentional acts of the insured, unforeseeable environmental or geological conditions, discovery of archaeological artifacts, changes in law, bankruptcy and acts of terrorism. Insurance policies may not be maintained or obtainable in amounts that would be sufficient or be paid in sufficient time in all events to pay all of the debt service on the Bonds. The City has agreed to remedy the existence of any unforeseeable environmental or geological conditions, and discovery of archaeological artifacts. Although the City is required to provide insurance coverage for the Oxnard Fire Station pursuant to the Lease, such insurance will not be maintained until after the Commencement Date. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance" herein.

Limited Source for Repayment

The Borrower's primary source of revenues to pay debt service on the Bonds will be the Base Rental payments it receives from the City under the Lease. If the City were to default in paying rent under the Lease there likely would be insufficient moneys available to pay the Owners of the Bonds. See APPENDIX A – "CERTAIN INFORMATION RELATING TO THE CITY OF OXNARD."

Base Rental Payments Are Not Debt; Bonds are Limited Obligations

The obligation of the City to make the Base Rental payments under the Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Base Rental payments constitute a debt of the City, the State or any political subdivision thereof (other than the Authority) within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are not general obligations of the Authority, but are limited obligations payable solely from and secured by a pledge of Revenues and amounts held in the funds and accounts created under the Indenture, consisting primarily of Loan Payments. The Authority has no taxing power.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease to pay the Base Rental payments from any source of legally available funds and the City has covenanted in the Lease that, for so long as the Oxnard Fire Station is available for its use, it will make the necessary annual appropriations within its budget for the Base Rental payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Base Rental payments, or which the City, in its discretion, may determine to pay prior to the Base Rental payments.

The City has the capacity to enter into other obligations payable from the City's General Fund, without the consent of or prior notice to the Owners of the Bonds. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental payments and other payments due under the Lease. The same result could occur if state constitutional expenditure limitations were to prohibit the City from appropriating and spending all of its otherwise available revenues.

No Acceleration Upon Default

In the event of a default in the payment of the Base Rental, there is no available remedy of acceleration of the total Base Rental payments due over the term of the Lease. The City will only be liable for Base Rental payments on an annual basis and the Trustee would be required to seek a separate judgment in each Fiscal Year for that Fiscal Year's Base Rental payments.

Abatement

In the event of the loss of, damage to or destruction or condemnation of the Oxnard Fire Station that causes the City not to have the use and possession of all or a substantial part of such Oxnard Fire Station, the City's obligation to make the Base Rental payments due under the Lease will be abated and, notwithstanding: (i) the provisions of the Lease specifying the extent of such abatement, (ii) the funding of the Debt Service Reserve Fund for the Bonds, and (iii) rental interruption insurance covering loss of use of the Oxnard Fire Station in an amount adequate to cover 24 months of Base Rental payments, the resulting Base Rental payments (and such other funds) may not be sufficient to pay all of the remaining principal and interest due with respect to the Bonds.

Seismic Activity; Flood Zone

The Lease does not require the City to maintain earthquake insurance on the Oxnard Fire Station. The City area, however, along with much of the State, shares a history of seismic activity and is thus listed as a "Zone 4" earthquake area in the Uniform Building Code. A Zone 4 designation has the most restrictive design requirements for new construction.

There are no currently known active or potentially active faults that traverse or project toward the Oxnard Fire Station site surface, and the site is not located within a currently designated Alquist-Priolo Earthquake Fault Zone. Principal seismic hazard that could affect this site are ground shaking resulting from an earthquake occurring along several major active or potentially-active faults in Southern California, particularly the rupture of the Simi-Santa Rosa Fault Zone, and associated liquefaction.

Known regional active and potentially-active faults that could produce significant ground shaking at the site include the Simi-Santa Rosa Fault Zone, the Wright Road Fault and the Ventura Fault. The closest mapped active fault that could affect the site is the Springville Section of the Simi-Santa Rosa Fault Zone, located approximately 7.8 kilometers northeast of the subject site. The Wright Road Fault is located about 8.8 kilometers to the northeast, and the Ventura Fault is located about 12.6 kilometers to the north. Weber, et al. (1975) mapped a topographic lineament that was identified as a "possible fault" near the southern limits of the project site. This lineament was mapped generally oriented west-northwest, with lower relief identified on the north side. While this lineament was mapped by Weber, et al., using aerial photographs and topographic maps, it is not known if it was field checked. Regardless, this feature is not shown on subsequent fault maps produced by the CGS or the USGS, and is not included in the City of Oxnard's Safety Element.

If a major earthquake were to occur, it may substantially damage or destroy all or a portion of the Oxnard Fire Station, which could result in abatement of the Base Rental payments and, in turn, a default in the payment of principal of and interest on the Bonds. The chance that the occurrence of severe seismic activity in the area of the Oxnard Fire Station could result in substantial damage and interference with the City's right to use all or a portion of the Oxnard Fire Station, and thereby result in an abatement of the Base Rental payments and a default in the payment of principal of and interest on the Bonds, is mitigated by the development standards discussed above.

The Oxnard Fire Station is located in a flood insurance rate zone designated by the Federal Emergency Management Agency ("FEMA") as "Zone X." According to FEMA, Zones B, C, and X refer to flood insurance rate zones that are not within the 100-year floodplain and are therefore not considered to pose a flood hazard. Consequently, no flood insurance has been or will be obtained by the City with respect to the Oxnard Fire Station. The term "100-year flood" refers to the flood elevation that has a one percent chance of being equaled or exceeded in any given year. A base flood may also be referred to as a "100-year storm" and the area inundated during the base flood is sometimes called the "100-year floodplain." The 100-year flood, which is the standard used by most federal and state agencies, is used by the National Flood Insurance Program as the standard for floodplain management and to determine the need for flood insurance.

Risk of Uninsured Loss

The City covenants under the Lease to maintain certain insurance policies on the Oxnard Fire Station. These insurance policies do not cover all types of risk. The City is not obligated to maintain earthquake insurance. The Oxnard Fire Station could be damaged or destroyed due to earthquake or other casualty for which the Oxnard Fire Station is uninsured. Additionally, the Oxnard Fire Station could be the subject of an eminent domain proceeding. Under these circumstances an abatement of Base Rental payments could occur and could continue indefinitely. There can be no assurance that the providers of the City's liability will in all events be able or willing to make payments under the respective policies for such loss should a claim be made under such policies. Further, there can be no assurances that amounts received as proceeds from insurance or from condemnation of the Oxnard Fire Station will be sufficient to repair the Oxnard Fire Station or to redeem the Bonds and any other obligations secured by Base Rental payments.

Eminent Domain

If the Oxnard Fire Station is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease will cease as of the day possession is taken. If less than all of the Oxnard Fire Station is taken permanently, or if the Oxnard Fire Station or any part thereof is taken temporarily, under the power of eminent domain, (a) the Lease will continue in full force and effect and will not be terminated by virtue of such taking, and (b) there will be a partial abatement of Base Rental payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Base Rental payments, in an amount to be agreed upon by the City such that the resulting Base Rental payments represent fair consideration for the use and occupancy of the remaining usable portion of the Oxnard Fire Station.

The City has covenanted in the Lease that to the extent it may lawfully do so, so long as the Bonds remain outstanding, the City will not exercise the power of condemnation with respect to the Oxnard Fire Station.

State of California Finances

The State of California, upon which the City relies for a portion of its revenues, has experienced severe budget shortfalls in recent years. Decreases in State revenues may significantly affect appropriations made by the State to cities and the timing of payment to cities by the State may depend upon the ability of the State to access the credit markets with respect to its own cash flow borrowings in the future. See "STATE BUDGET" herein.

Authority or City Bankruptcy

The City is a unit of State government and therefore is not subject to the involuntary procedures of the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the City may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have a priority of payment superior to that of Owners of Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the City's debt (a "Plan") without the consent of the Trustee or all of the Owners of Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable.

In addition, the City could either reject the Lease or assume the Lease despite any provision of the Lease which makes the bankruptcy or insolvency of the City an event of default thereunder. In the event the City rejects the Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition claim that may be limited under the Bankruptcy Code and treated in a manner under a Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Lease and the City's obligations to make payments thereunder.

The Authority is a public agency and, like the City, is not subject to the involuntary procedures of the Bankruptcy Code. The Authority may also seek voluntary protection under Chapter 9 of the Bankruptcy Code. In the event the Authority were to become a debtor under the Bankruptcy Code, the Authority would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the Authority; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or court-approved secured debt which may have priority of payment superior to that of the Owners of the Bonds; and (iv) the possibility of the adoption of a plan for the adjustment of the Authority's debt without the consent of the Trustee or all of the Owners of the Bonds, which plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable. However, the bankruptcy of the Authority, and not the City, should not affect the Borrower's rights under the Lease. The Authority could still challenge the assignment, and the Trustee and/or the Owners of the Bonds could be required to litigate these issues in order to protect their interests.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Base Rental payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Tax-Exempt Status of the Series A Bonds

The tax-exempt status of interest on the Series A Bonds depends upon the maintenance by the Borrower of its status as an organization described in section 501(c)(3) of the Code. The maintenance of such status is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including its operation for charitable purposes and its avoidance of transactions which may cause its assets to inure to the benefit of private individuals.

The Internal Revenue Service (the "Service") has reorganized activities relating to tax-exempt bonds with the stated aim of increasing the level of audit coverage. Historically, the only penalty available to the Service in the event of a failure to fully comply with section 501(c)(3) of the Code was the revocation of tax-exempt status. Legislation has been enacted, however, which imposes an excise tax as an intermediate sanction against tax-exempt organizations which engage in "excess benefit transactions." Excess benefit transactions generally are transactions in which an improper economic benefit is conferred upon certain persons. It is expected that such legislation will make it less likely that the Service will revoke the 501(c)(3) tax-exempt status of nonprofit corporations. The loss of tax-exempt status by the Borrower could result in loss of tax exemption with respect to interest on the Series A Bonds and defaults in covenants with respect to the Bonds would likely be triggered. Such an event could also have material adverse consequences on the financial condition of the Borrower.

Limitations on Remedies

The ability of the Trustee to enforce the agreements set forth in the Indenture, the Deed of Trust and the Loan Agreement will depend upon the exercise of various remedies specified by such documents which may in many instances require judicial actions that are often subject to discretion and delay or that otherwise may not be readily available or be limited. The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights.

Limitations Relating to the Leasehold Deed of Trust

The security afforded by the Leasehold Deed of Trust is limited. There can be no assurance that the lien of the Leasehold Deed of Trust could be foreclosed or otherwise realized upon at a time or in an amount sufficient to make full and timely payment of principal of and interest on the Bonds.

Foreclosure. There are two methods of foreclosing on a deed of trust under State law, by nonjudicial sale and by judicial sale. Foreclosure under a deed of trust may be accomplished by a nonjudicial trustee's sale under the power of sale provision in the deed of trust. Prior to such sale, the trustee must record a notice of default and election to sell and send a copy to the trustor, to any person who has recorded a request for a copy of the notice of default and notice of sale, to any successor in interest of the trustor and to certain other parties discernable from the real property records. The trustee then must wait for the lapse of at least three months after the recording of the notice of default and election to sell before establishing the trustee's proposed sale date and giving a notice of sale (in a form mandated by State statutes). The notice of sale must be posted in a public place and published once a week for three consecutive calendar weeks, with the first such publication preceding the trustee's sale by at least 20 days. Such notice of sale must be posted on the property and sent, at least 20 days prior to the trustee's sale, to the trustor, to each person who has requested a copy, to any successor in interest of the trustor, to the beneficiary of any junior deed of trust and to certain other parties discernable from the real property records. In addition, the notice of sale must be recorded with the county recorder at least 14 days prior to the date of sale. The trustor, any successor in interest of the trustor in the trust property, or any person having a junior lien or encumbrance of record may, during the statutory reinstatement period, cure any monetary default by paying the entire amount of the debt then due under the terms of the deed of trust and the obligations secured thereby (exclusive of principal due by virtue of acceleration upon default) plus costs and expenses actually incurred in enforcing the obligation and certain statutorily limited attorneys' and trustee's fees. Following a nonjudicial sale, neither the trustor nor any junior lien holder has any right of redemption, and the beneficiary may not ordinarily obtain a deficiency, judgment against the trustor.

Should foreclosure under a deed of trust be sought in the form of a judicial foreclosure, it is generally subject to most of the delays and expenses of other lawsuits, and sometimes requires up to several years to complete. The primary advantage of a judicial foreclosure is that the beneficiary is entitled, subject to other limitations, to obtain a deficiency judgment against the trustor to the extent that the amount of the debt is in excess of the fair market value of the property. Following a judicial foreclosure sale, the trustor or its successors in interest may redeem the property for a period of one year (or a period of only three months if the proceeds of sale are sufficient to satisfy the debt, plus interest and costs). In addition, to assure collection of any rents assigned as additional collateral under the Leasehold Deed of Trust, the Trustee would likely need to seek the appointment by a court of a receiver for the Facilities.

Antideficiency Legislation and Certain Other Limitations on Lenders. California has four principal statutory prohibitions limiting the remedies of a beneficiary under a deed of trust. Two such prohibitions limit the beneficiary's right to obtain a deficiency judgment, one being based on the method of foreclosure and the other on the type of debt secured. Under the former, a deficiency judgment is ordinarily barred when the foreclosure is accomplished by means of a nonjudicial trustee's sale, except for limited exceptions not applicable to the Leasehold Deed of Trust. Under the latter, a deficiency judgment is barred where a foreclosed deed of trust secures certain purchase money obligations. A State law, commonly known as the "one form of action" rule, requires the beneficiary to exhaust the security under a deed of trust by foreclosure before bringing a personal action against the trustor on the indebtedness. If a court were to hold that this rule were applicable to the Leasehold Deed of Trust, and the trustee under the Leasehold Deed of Trust or the Owners of the Bonds were to file suit or take other actions (including set off) to collect the debt secured by the Leasehold Deed of Trust without seeking to enforce their remedies thereunder, they might be precluded from thereafter proceeding under the Leasehold Deed of Trust. State law also limits any deficiency judgment obtained by a beneficiary following a judicial sale to the excess of the outstanding debt above the fair market value of the property at the time of sale. This prevents a beneficiary from obtaining a large deficiency judgment against the debtor as the result of low bids at a judicial sale. Statutory provisions (such as the federal bankruptcy laws) may have the effect of delaying enforcement of the lien of the Leasehold Deed of Trust in the event of a default by the Borrower.

Risks Related to Taxation in California

Constitutional Amendments Affecting Tax Revenues. Article XIIIA of the California Constitution limits the amounts of *ad valorem* tax on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment period." Furthermore, all real property valuation may be increased to reflect the inflation rate, as shown by the consumer price index, not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors.

Article XIIIA exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voters voting on the proposition approving such bonds, and requires a vote of two-thirds of the qualified electorate to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. In addition, Article XIIIA requires the approval of two-thirds of all members of the State legislature to change any State tax law resulting in increased tax revenues.

Article XIIIB of the California Constitution limits the annual appropriations from the proceeds of taxes of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax or fee schedules over the subsequent two years.

On November 5, 1996, California voters approved an initiative to amend the California Constitution known as the Right to Vote on Taxes Act ("Proposition 218"), which added Article XIIIC and XIIID to the California Constitution. Among other provisions, Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include cities. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995 and prior to November 6, 1996 will continue to be imposed only if approved by a majority vote in an election held within two years of November 6, 1996. Proposition 218 also provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. This extension of the initiative power is not limited by the terms of Proposition 218 to impositions after November 6, 1996 and absent other legal authority, could result in retroactive reduction in any existing taxes, assessments, fees and charges. In addition, Proposition 218 limits the application of assessments, fees and charges and requires certain existing, new and increased assessments, fees and charges to be submitted to property owners for approval or rejection, after notice and public hearing. Neither the Authority nor the Borrower expects Proposition 218 to have any immediate material effect on the revenues from which Base Rental payments are expected to be appropriated.

Implementing Legislation. Legislation enacted by the California Legislature to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIIIA of $4.00 per $100 assessed valuation (based on the traditional practice of using 25% of full cash value as the assessed value for tax purposes). The legislation further provided that, for Fiscal Year 1978-79 only, the tax levied by each county was to be appropriated among all taxing agencies within the county in proportion to their average share of taxes levied in certain previous years.

Future assessed valuation growth allowed under Article XIIIA (i.e., new construction, change of ownership, and 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The Authority is unable to predict the nature or magnitude of future revenue sources that may be provided by the State to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above those described above, even with the approval of the affected voters.

Constitutional Challenges to Property Tax System. There have been many challenges to Article XIIIA of the California Constitution. The United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIIIA did not violate the federal Constitution. The Authority and the Borrower cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the City's receipt of taxes should a future decision hold unconstitutional the method of assessing property.

Statutory Revenue Limitations -- Proposition 62. Proposition 62 is a statewide statutory initiative adopted by the voters at the November 4, 1986 general election. It added Sections 53720 to 53730 to the Government Code to require that all new local taxes be approved by the voters. The statute provides that all local taxes are either general taxes or special taxes. General taxes are imposed for general governmental purposes. Special taxes are imposed for specific purposes only. General taxes may not be imposed by local government unless approved by a two-thirds vote of the entire legislative body and a majority of the voters voting on the proposed general tax. Special taxes may not be imposed by local government unless approved by a majority of the entire legislative body and by two-thirds of the voters voting on the special tax. Soon after Proposition 62 was adopted by the voters, legal challenges to taxes adopted contrary to its provisions were filed. In 1991, in the most significant case, *City of Woodlake v. Logan*, the California Court of Appeal held that the statutory voter approval requirement for general taxes was unconstitutional. The California Supreme Court refused to review *Woodlake*.

On September 28, 1995, the California Supreme Court, on a 5-2 vote, in a decision entitled *Santa Clara County Local Transportation Authority v. Guardino* (Case No. S036269), "disapproved" *Woodlake* and held that the voter approval requirements of Proposition 62 are valid. On December 14, 1995, the Supreme Court made minor nonsubstantive changes to its written opinion and denied the petition for rehearing. The decision provides that the voter approval requirements of Proposition 62 for both general and special taxes are valid. The *Guardino* case fails to say (1) whether the decision is retroactively applicable to general taxes adopted prior to the decision; (2) whether taxpayers have any remedies for refund of taxes paid under a tax ordinance that was not voter approved; (3) what statute of limitations applies to taxes adopted without voter approval prior to *Guardino*; (4) whether Proposition 62 applies only to new taxes or to tax increases as well.

The Court of Appeals in a December 15, 1997 decision entitled *McBearty v. City of Brawley* (Case No. D027877) addressed some of these issues. In *Brawley*, a taxpayer challenged the city's utility tax that was passed by the city council in 1991 without a vote of the electorate. The Court of Appeals held that (i) a three year statute of limitations applies to challenges to a tax ordinance subject to Proposition 62; and (ii) the statute of limitations did not begin to run until September 1995 when the *Guardino* case determined that Proposition 62 was constitutional. The effect of the holding in *Brawley* is that any tax ordinances passed between November 1986 and December 1995 that were not approved by the electorate would be subject to a challenge until December 1998. The court ordered the city to either cease collecting the tax or seek voter approval to continue levying the tax. However, in *Howard Jarvis Taxpayers Association v. City of La Habra,* decided on June 4, 2001, the California Supreme Court overruled part of *McBearty*, finding that the three year statute of limitations applicable to such taxes does not run from the date of the *Guardino* decision, but rather the continued imposition and collection of such tax is an ongoing violation, upon which the limitations period begins with each new collection.

Several questions raised by the *Guardino* decision remain unresolved. Proposition 62 provides that if a jurisdiction imposes a tax in violation of Proposition 62, the portion of the one percent general *ad valorem* tax levy allocated to that jurisdiction is reduced by $1 for every $1 in revenue attributable to the improperly imposed tax for each year that such tax is collected. The practical applicability of this provision has not been fully determined. Potential future litigation and legislation may resolve some or all of the issues raised by the *Guardino* decision.

The Authority cannot predict the outcome of any pending or future litigation concerning the validity of Proposition 62, nor can it predict the scope of the *Guardino* or *Brawley* decisions discussed above. Proposition 62 could affect the ability of the City to continue the imposition of, or to retain, certain taxes, and restrict the City's ability to raise revenue.

Proposition 1A. Proposition 1A ("Proposition 1A"), proposed by the Legislature in connection with the 2004/05 Budget Act and approved by the voters in November 2004, restricts State authority to reduce major local tax revenues such as the tax shifts permitted to take place in Fiscal Years 2004-05 and 2005-06. Proposition 1A provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the

Legislature. Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. Such a shift may not occur more than twice in any ten-year period. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A also provides that if the State reduces the vehicle license fee ("VLF") rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 22. On November 2, 2010, voters in the State approved Proposition 22. Proposition 22, known as the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for state-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Proposition 26. On November 2, 2010, voters in the State also approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. Neither the Authority nor the Borrower expects the provisions of Proposition 26 to materially impede its ability to pay Base Rental payments when due.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Series A Bonds might be affected as a result of such an audit of the Series A Bonds (or by an audit of similar bonds).

Secondary Market Risk

There can be no assurance that there will be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition of the City.

STATE BUDGET

Information regarding the State Budget is regularly available at various State-maintained websites. The Fiscal Year 2013-14 State Budget further described below may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Additionally, an impartial analysis of the State's Budgets may be posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the Authority or the Borrower, and neither the Authority or the Borrower takes responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

2012-13 State Budget. The State budget for Fiscal Year 2012-13 (the "2012-13 Budget") was signed by Governor Brown on June 27, 2012, and assumed voters would approve the Governor's tax initiative on the November 2012 ballot (the "November Tax Initiative"). The 2012-13 Budget included a $92 billion State spending plan and significant welfare and social service cuts, restructuring the State's welfare program, streamlining health insurance for low-income children, and reducing childcare coverage and aid to California community colleges. The 2012-13 Budget reformed CalWORKs by establishing a 2-year time limit for parents who are not meeting federal work requirements and merges the delivery of services for those who are eligible for both Medi-Cal and Medicare to reduce costs and improve the coordination of services.

In addition, the 2012-13 Budget included the following changes: (i) eliminating the Healthy Families Program and transitions children to Medi-Cal; (ii) restructuring funding for trial courts; (iii) prohibiting community colleges and universities that are unable to meet minimum performance standards from participating in the Cal Grant Program; (iv) reforming the State process for K-14 education mandates by providing a block grant as an alternative to the existing claiming process; (v) reducing the cost of State employee compensation by five percent (5%); (vi) implementing various reductions to hospital and nursing home funding to lower Medi-Cal costs; (vii) reducing funding for child care programs and eliminates 14,000 child care slots; (viii) creating a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services as described in more detail below; and (ix) using a Fiscal Year 2011-12 over appropriation of the minimum guarantee to prepay Proposition 98 funding required by a court settlement. The 2012-13 State Budget provided for K-14 education funding to increase by approximately $17.2 billion, or 37%, and per pupil funding by over $2,500 in the next four years.

Had the Governor's November Tax Initiative not been approved by voters, trigger cuts totaling $6 billion would have gone into effect, including funding for schools, community colleges and other public agencies.

Proposition 30. The passage of the Governor's November Tax Initiative ("Proposition 30") placed on the November 2012 ballot results in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raising taxes on individuals after their first $250,000 in income and on couples after their first $500,000 in earnings. These increased tax rates will affect approximately 1 percent of California personal income tax filers and will be in effect starting in the 2012 tax year, ending at the conclusion of the 2018 tax year. The LAO estimates that, as a result of Proposition 30, additional state tax revenues of about $6 billion annually from fiscal years 2012-13 through 2016-17 will be received by the State with lesser amounts of additional revenue available in fiscal years 2011-12, 2017-18 and 2018-19. These additional monies will be available to fund programs in the 2012-13 State Budget as described above and prevent the "trigger cuts" included in the 2012-13 State Budget going into effect, avoiding spending reductions of about $6 billion in fiscal year 2012-13, mainly to education programs. Proposition 30 also adds to the State Constitution certain requirements related to the transfer of specified State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees and providing substance abuse treatment services.

California Public Employees' Pension Reform Act. On September 12, 2012, Governor Brown signed Assembly Bill 340, creating the Public Employees' Pension Reform Act ("PEPRA"). Among other things, PEPRA creates a new benefit tier for new employees/members entering public agency employment and public retirement system membership for the first time on or after January 1, 2013. The new tier has a single general member benefit formula and three safety member benefit formulas that must be implemented by all public agency employers unless the formula in existence on December 31, 2012 has both a lower normal cost and a lower benefit factor at normal retirement age. PEPRA requires that all new employees/members, hired on or after January 1, 2013, pay at least 50% of the normal cost contribution. The normal cost contribution is the contribution set by the retirement system's actuary to cover the cost of a current year of service. The City believes that the provisions of PEPRA will help to control its pension benefit liabilities in the future.

2013-14 State Budget. Governor Brown signed the final 2013-14 State Budget (the "2013-14 Budget") into law on June 27, 2013. The centerpiece of the 2013-14 Budget is the restructuring of the State's funding formula for K-12 schools through the implementation of the "Local Control Funding Formula" (the "LCFF"). The 2013-14 Budget allocates $2.1 billion to commence transitioning the State to the new formula, allocating proportionately more money to school districts with high levels of low-income students, those with limited English proficiency and foster children. Overall, the 2013-14 Budget boosts K-12 and community college funding to $55.3 billion while giving the University of California and California State University systems an additional $125 million each. The 2013-14 Budget also restores $63 million to the State court system that was subject to significant budget cuts in recent years and moves forward with the State-based approach to the optional expansion of care allowed under the Federal healthcare reform which will significantly increase health care coverage in the State.

Significant features of the 2013-14 Budget affecting California cities include the following:

Redevelopment Agency Dissolution. As a result of the RDA dissolution process, the Budget anticipates that cities receiving $1.1 billion in new general purpose revenues in fiscal years 2012-13 and 2013-14 combined, with counties receiving $1.4 billion and special districts $500 million. On an ongoing basis, it is estimated that over $675 million annually will be distributed to counties, cities, and special districts comprising a significant amount of unrestricted funding that can be used by local governments to fund police, fire, or other critical public services.

CalWORKS. An increase of $142.8 million General Fund in 2013-14 to improve employment services will enhance and expand the array of county employment services and job development activities for program participants, and intensify case management efforts for individuals not currently participating in activities that will eventually lead to self-sufficiency.

Corrections. The California Community Corrections Performance Incentive Act of 2009 (SB 678) established a system of performance-based funding that shares state General Fund savings with county probation departments when they demonstrate success in reducing the number of adult felony probationers going to state prison. The 2013-14 Budget includes changes to the SB 678 funding formula to account for county probation departments' success in reducing the number of adult felony probationers incarcerated in county jail. This provides total funding of $106.9 million in fiscal year 2013‑14 to continue support for probation efforts targeted at reducing recidivism and encouraging alternatives to incarceration.

Veterans Affairs — The 2013-14 Budget includes an increase of $3 million General Fund and 36 positions to form Strike Teams in each of the United States Department of Veterans Affairs ("USDVA") Regional Offices. These resources will assist the USDVA in its efforts to eliminate the backlog of claims to ensure veterans receive the federal benefits for which they are eligible. The 2013-14 Budget includes also includes a one‑time increase of $3 million General Fund for County Veterans Service Officers to better provide veterans free USDVA claims assistance and information and referral to local, state, and federal programs.

Health and Welfare. Items in the 2013-14 impacting local health and welfare programs include the following: (i) the 2013-14 Budget provides county welfare departments up to $120 million in additional General Fund monies to accommodate new workload associated with implementing the Affordable Care Act. In fiscal year 2015-16, the State will implement a new budgeting methodology, developed in consultation with counties, and based on a zero‑base review of all Medi‑Cal related county administrative activities; and (ii) persons eligible for both Medicare and Medi‑Cal ("dual eligible") will receive medical, behavioral health, long‑term services and supports, and home and community‑based services through a single health plan via the Coordinated Care Initiative.

Future State Budgets. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the City and other cities and counties in the State. The Borrower cannot predict the extent of the budgetary problems the State will encounter in this or in any future Fiscal Year, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the Borrower cannot predict the final outcome of current or future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets are being and will be affected by national and State economic conditions and other factors, including the current economic conditions, over which the City has no control.

THE AUTHORITY

Under Title 1, Division 7, Chapter 5 of the California Government Code (the "JPA Act"), certain California cities, counties and special districts have entered into a joint exercise of powers agreement (the "JPA Agreement") forming the Authority for the purpose of exercising to powers common to the members and exercising the additional powers granted to the Authority by the JPA Act and any other applicable provisions of California law. Under the JPA Agreement, the Authority may issue bonds, notes or any other evidence of indebtedness, for any purpose or activity permitted under the JPA Act or any other applicable law.

The Authority may sell and deliver obligations other than the Bonds. These obligations will be secured by instruments separate and apart from the Indenture, the Loan Agreement, the Leasehold Deed of Trust and the Lease, and the holders of such other obligations of the Authority will have no claim on the security for the Bonds. Likewise, the owners of the Bonds will have no claim on the security for such other obligations that may be issued by the Authority.

Neither the Authority nor its independent contractors has furnished, reviewed, investigated or verified the information contained in this Official Statement other than the information contained in this section and the section entitled "ABSENCE OF MATERIAL LITIGATION - The Authority." The Authority does not and will not in the future monitor the financial condition of the Borrower, the City or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. Any commitment or obligation for continuing disclosure with respect to the Bonds or the Borrower has been undertaken solely by the Borrower. See "CONTINUING DISCLOSURE."

TAX MATTERS

Series A Bonds

The Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Series A Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series A Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the Series A Bonds. The Authority has covenanted in the Series 2012A Indenture not to take any action or omit to take any action that, if taken or omitted, respectively, would adversely affect the exclusion of the interest on the related Series of the Series A Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Fulbright & Jaworski LLP, Los Angeles, California, Bond Counsel, a member of Norton Rose Fulbright, under existing statutes, regulations, rulings and court decisions, interest on the Series A Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the covenants referred to herein, interest on the Series A Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is of the further opinion that the Series A Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, that the interest on the Series A Bonds is not treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code; however, the receipt or accrual of interest on the Series A Bonds owned by a corporation may affect the computation of its alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax is imposed by section 55 of the Code.

Pursuant to the Indenture, the Loan Agreement and in the *Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986* (the "Tax Certificate") to be delivered by the Authority and the *Borrower Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986* (the "Borrower Tax Certificate") to be delivered by the Borrower in connection with the issuance of the Series A Bonds, each of the Authority and the Borrower has made representations relevant to the determination of, and has made certain covenants regarding or affecting, the exclusion of interest on the Series A Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching its opinion described in the preceding paragraph, Bond Counsel will assume the accuracy of such representations and the present and future compliance by each of the Authority and the Borrower with its covenants. Except as described in the preceding paragraph, Bond Counsel will express no opinion as to any federal, state or local tax consequence of the receipt of interest on, or the ownership or disposition of, the Series A Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequence with respect to the Series A Bonds, or the interest thereon, if any action is taken with respect to the Series A Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel.

A copy of the proposed form of opinion of Bond Counsel relating to the Series A Bonds is included in Appendix F.

Bond Counsel's opinion is not a guarantee of a result, but represents their legal judgment based upon their review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Series A Bonds is commenced, under current procedures the Service is likely to treat the Authority as the "taxpayer", and the beneficial owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series A Bonds, the Authority may have different or conflicting interests from the beneficial owners of the Series A Bonds. Further, public awareness of any future audit of the Series A Bonds could adversely affect the value and liquidity of the Series A Bonds during the pendency of the audit, regardless of the ultimate outcome.

Although Bond Counsel is of the opinion that interest on the Series A Bonds is exempt from California personal income tax and that interest on the Series A Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes, an owner's federal, state or local tax liability may be otherwise affected by the ownership or disposition of the Series A Bonds. The nature and extent of these other tax consequences will depend upon the owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Series A Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series A Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the Series A Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series A Bonds, (iii) interest on the Series A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the Series A Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Series A Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on the Series A Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel has expressed no opinion regarding any such other tax consequences.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Series A Bonds may affect the tax status of interest on the Series A Bonds or the tax consequences of the ownership of the Series A Bonds. No assurance can be given that pending or future legislation, or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not contain provisions that could directly or indirectly reduce the benefit of the exemption of interest on the Series A Bonds from personal income taxation by the State of California or of the exclusion of interest on the Series A Bonds from the gross income of the owners thereof for federal income tax purposes.

Existing law may change so as to reduce or eliminate the benefit to holders of the Series A Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Series A Bonds. Prospective purchasers of the Series A Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

Series B Bonds

State Tax Exemption. In the opinion of Bond Counsel, under existing law interest on the Series B Bonds is exempt from personal income taxes of the State of California. A copy of the form of opinion of Bond Counsel relating to the Series B Bonds is included in Appendix F.

Federal Income Tax Considerations. The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the Series B Bonds. The discussion is based upon the Code, United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Series B Bond by the owner thereof for federal income tax purposes. Further, the discussion below does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Series B Bonds in light of the investor's particular circumstances or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax exempt organizations and other entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Series B Bonds, traders in securities that elect to use a mark to market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass through entities, certain hybrid entities and owners of interests therein, persons who acquire Series B Bonds in connection with the performance of services, or persons deemed to sell Series B Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or United States federal tax laws other than United States federal income tax law. The discussion below is limited to certain issues relating to initial investors who will hold the Series B Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such Series B Bonds for investment and not as a dealer or for resale. The discussion below addresses certain federal income tax consequences applicable to owners of the Series B Bonds who are United States persons within the meaning of section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

Prospective investors should note that no rulings have been or will be sought from the Service with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2012 SERIES B BONDS.

Internal Revenue Service Circular 230 Notice

Prospective investors should be aware that:

(a) the discussion in this Official Statement with respect to certain United States federal income tax consequences of purchasing and owning the Series B Bonds is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed under the Code;

(b) such discussion was written to support the promotion or marketing (within the meaning of Circular 230 of the Service) of the transactions or matters addressed by such discussion; and

(c) each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

This notice is given to ensure compliance with Circular 230 of the Service.

Interest on the Series B Bonds. Bond Counsel has rendered no opinion regarding the exclusion pursuant to section 103(a) of the Code of interest on the Series B Bonds from gross income for federal income tax purposes. The Authority has taken no action to cause, and does not intend, interest on the Series B Bonds to be excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. The Authority intends to treat the Series B Bonds as debt instruments for all federal income tax purposes, including any applicable reporting requirements under the Code. THE AUTHORITY EXPECTS THAT THE INTEREST PAID ON A SERIES B BOND GENERALLY WILL BE INCLUDED IN THE GROSS INCOME OF THE OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES WHEN RECEIVED OR ACCRUED, DEPENDING UPON THE TAX ACCOUNTING METHOD OF THAT OWNER.

Disposition of Series B Bonds, Inclusion of Acquisition Discount and Treatment of Market Discount. An owner of Series B Bonds will generally recognize gain or loss on the sale or exchange of the Series B Bonds equal to the difference between the sales price (exclusive of the amount paid for accrued interest) and the owner's adjusted tax basis in the Series B Bonds. Generally, the owner's adjusted tax basis in the Series B Bonds will be the owner's initial cost, increased by original issue discount (if any) previously included in the owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the owner's holding period for the Series B Bonds.

Under current law, a purchaser of a Series B Bond who did not purchase that Series B Bond in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition (or earlier partial principal payment) of such Series B Bond, to recognize as ordinary income a portion of the gain (or partial principal payment), if any, to the extent of the accrued "market discount." In general, market discount is the amount by which the price paid for such Series B Bond by such a subsequent purchaser is less than the stated redemption price at maturity of that Series B Bond (or, in the case of a Series B Bond bearing original issue discount, is less than the "revised issue price" of that Series B Bond (as defined below) upon such purchase), except that market discount is considered to be zero if it is less than one quarter of one percent of the principal amount times the number of complete remaining years to maturity. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Series B Bonds maturing on or after July 1, 2014 with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The recharacterization of gain as ordinary income on a subsequent disposition of such Series B Bonds could have a material effect on the market value of such Series B Bonds.

Stated Interest and Reporting of Interest Payments. The Authority expects to treat the stated interest on the Series B Bonds as included in the gross income, as defined in section 61 of the Code, of the owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the owners thereof. Subject to certain exceptions, the stated interest on the Series B Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099-INT (or other appropriate reporting form) which will reflect the name, address, and taxpayer identification number of the owner. A copy of such form is to be sent to each beneficial owner of a Series B Bond for federal income tax purposes by the appropriate intermediary.

Defeasance. Persons considering the purchase of a Series B Bond should be aware that the bond documents permit the Authority under certain circumstances to deposit monies or securities with the Trustee, resulting in the release of the lien of the Series 2012B Indenture (a "defeasance"). A defeasance could result in the realization of gain or loss by the owner of a Series B Bond for federal income tax purposes, without any corresponding receipt of monies by the owner. Such gain or loss generally would be subject to recognition for the tax year in which such realization occurs, as in the case of a sale or exchange. Owners of Series B Bonds are advised to consult their own tax advisers with respect to the tax consequences resulting from such events.

Backup Withholding. Under section 3406 of the Code, an owner of the Series B Bonds who is a United States person may, under certain circumstances, be subject to "backup withholding" on certain "reportable payments", including payments of current or accrued interest on the Series B Bonds. This withholding applies if such owner of Series B Bonds: (i) fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain owners of the Series B Bonds. Owners of the Series B Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% (or at a lower rate that may be specified in an applicable income tax treaty) on periodic income items arising from sources within the United States and not effectively connected with the conduct of a United States trade or business.

Assuming the interest income of such an owner of the Series B Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest generally will be subject withholding unless that interest is treated as "portfolio interest". Interest will be treated as portfolio interest if: (i) the owner provides a statement to the payor certifying, under penalties of perjury, that such owner is not a United States person and providing the name and address of such owner; (ii) such interest is treated as not effectively connected with the owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country that the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Series B Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such owner is not a bank receiving interest on the Series B Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business. If interest payments made to an owner of Series B Bonds are treated as to that owner as portfolio interest within the meaning of sections 871 and 881 of the Code, and that the owner or an authorized intermediary has furnished an appropriately completed Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable (and the payor of the interest does not have actual knowledge or reason to know that such owner is a United States person), then no withholding under section 1441 and 1442 of the Code, or backup withholding under section 3406 of the Code, is required with respect to payments of interest on the Series B Bonds to such owner.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Series B Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Fulbright & Jaworski LLP, Los Angeles, California, Bond Counsel, a member of Norton Rose Fulbright. Fulbright & Jaworski LLP is also serving as Disclosure Counsel. Approval of certain legal matters will be passed upon for the Authority by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, for the Underwriter by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, and for the Borrower and the Member by Slosser Struse PLC, Tucson, Arizona.

Compensation paid to Bond Counsel and Disclosure Counsel is contingent upon the sale and delivery of the Bonds.

ABSENCE OF MATERIAL LITIGATION

The Authority

To the knowledge of the Authority, there is no material litigation pending or threatened against the Authority concerning the validity of the Bonds or any proceedings of the Authority taken with respect to the issuance thereof.

The Borrower

There are no actions, suits or proceedings pending or, to the Borrower's best knowledge, threatened against the Borrower; (i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Indenture or the collection of Gross Revenues under the Loan Agreement or the payment of Loan Payments; (ii) in any way contesting or adversely affecting the authority for the issuance of the Bonds or the validity of the Bonds, the Indenture, the Loan Agreement, the Lease or the Leasehold Deed of Trust; (iii) contesting the existence or powers of the Borrower; (iv) which, if determined adversely to it, would materially adversely affect the consummation of the transactions described in this Official Statement or contemplated by the Indentures, the Loan Agreement, the Lease or the Leasehold Deed of Trust or the ability of the Borrower to perform its obligations thereunder, as applicable; or (v) contesting the Borrower's status as an organization described in section 501(c)(3) of the Code or which would subject any income of the Borrower to federal income taxation to such extent as would result in loss of the exclusion from gross income for federal income tax purposes of interest on any of the Series A Bonds under section 103 of the Code.

UNDERWRITING

The Authority and the Borrower have entered into a purchase contract with Stifel, Nicolaus & Company, Incorporated (the "Underwriter") pursuant to which the Underwriter has agreed, subject to certain conditions, to purchase the Series A Bonds from the Authority at a purchase price of $15,312,919.25 (being the principal amount of the Series A Bonds of $15,160,000.00, plus net original issue premium of $304,519.25, less an underwriter's discount of $151,600.00) and to purchase the Series B Bonds from the Authority at a purchase price of $217,800.00 (being the principal amount of the Series B Bonds of $220,000.00 less an underwriter's discount of $2,200.00). The Underwriter is obligated under the purchase contract to purchase all of the Bonds if any are purchased. The Bonds may be offered and sold by the Underwriter to certain dealers and others at yields lower than the public offering yield indicated on the inside cover hereof, and such public offering yield may be changed, from time to time, by the Underwriter.

FINANCIAL ADVISOR

Kosmont Realty Corp. (the "Financial Advisor") has assisted the Borrower with various matters relating to the planning, structuring and issuance of the Bonds. The Financial Advisor is a financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities. The Financial Advisor assumes no responsibility for the accuracy, completeness or fairness of the Official Statement. Compensation paid to the Financial Advisor is contingent upon the sale and delivery of the Bonds.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds, and the Authority will not provide any such information. The Borrower has undertaken all responsibilities for any continuing disclosure to Owners as described below, and the Authority shall have no liability to the Owners of the Bonds or any other person with respect to the Rule.

In order to assist the Underwriter with its obligation to comply with applicable provisions of the Rule, the Borrower will execute the Continuing Disclosure Agreement. The Borrower has not previously been obligated to provide continuing disclosure pursuant to the requirements of the Rule and, therefore, at no time has the Borrower failed to comply in any material respect with any of the information reporting undertakings contained in the Rule. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

RATING

Standard & Poor's Rating Services ("S&P") has assigned the Bonds a rating of "A+." Such rating reflects only the views of S&P and any explanation of the significance of such ratings should be obtained from S&P at Standard & Poor's Rating Services, 55 Water Street, 38th Floor, New York, New York 10041. There is no assurance that the ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

FINANCIAL STATEMENTS

Included as APPENDIX B to this Official Statement are the audited financial statements of the City for the Fiscal Year ended June 30, 2013. The financial statements included as APPENDIX B have been audited by White Nelson Diehl Evans LLP (the "Auditor"). Neither the City nor the Auditor was requested to consent to the inclusion of the reports in APPENDIX B and neither the City nor the Auditor has undertaken to update such reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of the report.

MISCELLANEOUS

All quotations from and summaries and explanations of the Indenture, the Loan Agreement, the Continuing Disclosure Agreement, the Office Lease, the Leasehold Deed of Trust and of other documents contained herein do not purport to be complete, and reference is made to such documents for full and complete statements of their provisions. Copies of the foregoing documents may be obtained upon request from the Trustee and upon payment of the expenses incurred in connection therewith.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the Borrower and Owners of any of the Bonds. Appendices A and B hereto, and other portions of this Official Statement, contain certain information with respect to the City. Such information has not been furnished by the City, but has been taken from publicly available information, and the Authority makes no representation or warranty whatsoever with respect to the information contained in such Appendices or any other information contained in this Official Statement, except for information set forth under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority" herein.

This Official Statement and the execution and delivery thereof have been duly approved and authorized by the Borrower.

OXNARD FIRE STATION LLC

By: /s/ Michael S. Hammond
President

APPENDIX A

CERTAIN INFORMATION RELATING TO THE CITY OF OXNARD

The Bonds do not constitute a general obligation debt of the City of Oxnard (the "City"), and the City has not pledged its full faith and credit or its taxing power to the repayment of the Bonds. The following information is presented for informational purposes only.

General

The City is located in western Ventura County (the "County") on the shore of the Pacific Ocean. The City is approximately 65 miles northwest of the City of Los Angeles, 35 miles south of the City of Santa Barbara, and 6 miles south of the county seat of the County. The City is the largest city in the County, with a population estimated at 200,855 in 2013, accounting for over 24% of the County's population. The City has a diversified economic base composed of agriculture and related business, retail, various services, and governmental agencies.

The City was incorporated as a general law city on June 30, 1903, and operates under a council-manager form of government. The City is governed by a five-member City Council ("City Council") elected at large for four-year alternating terms, with the exception of the Mayor, who is directly elected for a two-year term.

Population

The City's population has grown from approximately 177,700 people in 2001 to approximately 200,855 in 2013. The following table shows the approximate changes in population in the City, the County, the State, and the United States for the years 2001 through 2013.

Population of
City, County, State, and United States
2001 through 2013 (1)

Year	City	County	State	United States
2001	177,700	673,028	34,430,970	285,081,556
2002	182,027	689,788	35,063,959	287,803,914
2003	181,800	709,124	35,652,700	290,326,418
2004	186,122	730,875	36,199,342	293,045,739
2005	188,941	753,863	36,676,931	295,753,151
2006	189,990	777,664	37,087,005	298,593,212
2007	192,997	798,784	37,463,609	301,579,895
2008	194,905	815,023	37,871,509	304,374,846
2009	197,067	827,475	38,255,508	307,006,550
2010	197,899	823,318	37,253,956	308,745,538
2011	199,265	827,874	37,427,946	311,591,917
2012	199,446	829,065	37,668,804	313,914,040
2013	200,855	835,436	37,966,471	316,159,818

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(1) Unless otherwise noted, estimates for City, County, and State are as of January 1, and for the United States are as of July 1.
Sources: For City, State, and County: California Department of Finance; for United States: United States Bureau of the Census.

Property Tax Rates

In June of 1978, California voters approved Proposition 13 (the Jarvis-Gann Initiative), which added Article XIIIA to the California Constitution. Article XIIIA limits ad valorem taxes on real property to 1% of the full cash value, plus taxes necessary to repay indebtedness approved by the voters prior to July 1, 1978. Voter-approved obligations of the City are comprised of an obligation of the City referred to as the "Public Safety Retirement Debt." The following table details the City's property tax rates for the last 10 fiscal years.

City of Oxnard
Property Tax Rates
Fiscal Years 2003-04 through 2012-13

Year Ended June 30	Article XIIIA Basic Tax Rate	City District (Public Safety Retirement Debt)	School Districts	Water Districts	Total Tax Rates
2004	1.00%	0.20384%	0.09770%	0.04476%	1.34630%
2005	1.00	0.19624	0.08410	0.04224	1.32258
2006	1.00	0.17614	0.09850	0.03691	1.31155
2007	1.00	0.16564	0.08220	0.03272	1.28056
2008	1.00	0.17864	0.10500	0.02922	1.31286
2009	1.00	0.19334	0.11160	0.01290	1.31784
2010	1.00	0.20384	0.11470	0.01290	1.33144
2011	1.00	0.22054	0.11990	0.01110	1.35154
2012	1.00	0.20544	0.12200	0.01110	1.33854
2013	1.00	0.20424	0.11980	0.00000	1.32404

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013.

Property Tax Levies, Collections, and Delinquencies

The Ventura County Tax Collector collects ad valorem property tax levies representing taxes levied for each fiscal year on taxable real and personal property that is situated in the County as of the preceding March 1. Unsecured taxes are assessed and payable on March 1 and become delinquent August 31 in the next fiscal year. Accordingly, unsecured taxes are levied at the rate applicable to the fiscal year preceding the one in which they are paid.

One-half of the secured tax levy is due November 1 and becomes delinquent December 10; the second installment is due February 1 and becomes delinquent April 10. A 10% penalty is added to any late installment.

Property owners may redeem property upon payment of delinquent taxes and penalties. Tax-delinquent properties are subject to a redemption penalty of 1½% of the delinquent amount every month commencing on July 1 following the date on which the property became tax-delinquent. Properties may be redeemed under an installment plan by paying current taxes, plus 20% of delinquent taxes each year for five years, with interest accruing at 1½% per month on the unpaid balance.

The following table details the City's property tax levies, collections, and delinquencies for the last 10 fiscal years.

City of Oxnard
Property Tax Levies, Collections and Delinquencies
Fiscal Years 2003-04 through 2012-13

Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percentage of Tax Levy
2004	$35,432,169	$34,937,526	98.60%	$344,390	$35,281,916	99.58%
2005	46,496,506	46,356,420	99.70	126,250	46,482,670	99.97
2006	54,511,910	53,889,833	98.86	132,403	54,022,236	99.10
2007	62,871,775	62,416,666	99.28	129,679	62,546,345	99.48
2008	73,234,168	71,707,923	97.92	121,075	71,828,998	98.08
2009	71,489,249	71,034,625	99.36	145,945	71,180,570	99.57
2010	75,929,128	71,755,189	94.50	136,565	71,891,754	94.68
2011	72,434,536	71,118,203	98.18	105,158	71,223,361	98.33
2012	70,330,200	63,176,888	89.83	126,609	63,303,497	90.01
2013	53,833,600	52,537,321	97.59	121,064	52,658,385	97.82

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013.
Note: The significant decrease in tax collection in Fiscal Year 2011-12 and the significant decrease in the tax levy in Fiscal Year 2012-13 is primarily due to the dissolution of the Oxnard Community Development Commission as a result of adoption by the State Legislature of AB X1 26, which eliminated redevelopment agencies State-wide.

Assessed Property Values

The following table details the unequalized assessed value of the property within the City for the last 10 fiscal years.

City of Oxnard
Assessed Property Values
Fiscal Years 2003-04 through 2013-14

Fiscal Year June 30	Assessed Value
2005	$11,058,336,869
2006	12,726,781,676
2007	14,562,928,520
2008	15,918,112,344
2009	16,158,716,867
2010	15,176,505,240
2011	15,058,226,607
2012	14,971,225,595
2013	15,198,347,582
2014	15,607,919,376

Source: County Assessor's Office.

Principal Taxpayers

The following table lists the principal taxpayers in the City as of June 30, 2013.

City of Oxnard
Principal Taxpayers

Taxpayer	Assessed Valuation	Percentage of Total Assessed Valuation
Procter & Gamble Paper Products	$ 268,098,003	1.75%
St John Regional Medical Center	230,115,059	1.50
Essex Arbors LP	197,972,713	1.29
SOCM I LLC	91,198,200	0.60
Sunbelt Enterprises LLC	86,539,573	0.56
Capri of KW Serenade LLC	83,068,300	0.54
Haas Automation Inc.	82,295,400	0.54
GS Paz Mar LP	70,530,594	0.46
Duesenberg Investment Company	67,133,520	0.44
Genon Energy West LP-Mandalay	66,700,000	0.44
Other Taxpayers	14,074,261,994	91.88
Total	15,317,913,356	100.00%

Source: City of Oxnard.

Outstanding Debt

The City uses a variety of tax increment, revenue, and lease indebtedness to finance various capital acquisitions. The outstanding balances for indebtedness during the last 10 fiscal years are set forth in the following table. See notes to the audited financial statements in "APPENDIX B – FINANCIAL STATEMENTS OF THE CITY OF OXNARD" attached hereto for a description of the City's long-term liabilities. Other than Tax Allocation Bonds, indebtedness grouped under "Governmental Activities" below are primarily payable from the City's general fund.

City of Oxnard
Outstanding Debt
(Fiscal Years 2003-04 through 2012-13)

	Governmental Activities				Business-Type Activities		
Year Ended June 30	**Revenue Bonds**	**Certificates of Participation**	**Tax Allocation Bonds**	**Capital Leases**	**Revenue Bonds**	**Capital Leases**	**Total Outstanding Debt**
2004	$22,874,301	$8,045,000	$19,185,000	$1,729,354	$214,035,699	$2,916,139	$268,785,493
2005	21,607,009	7,835,000	18,635,000	1,412,398	236,943,314	2,469,070	288,901,791
2006	19,975,756	7,620,000	18,030,000	1,086,013	298,559,567	2,010,676	347,282,012
2007	43,109,750	7,395,000	37,940,000	749,911	292,625,260	1,536,788	383,356,709
2008	41,746,367	34,835,000	37,040,000	493,471	286,428,643	4,603,874	405,147,355
2009	40,337,356	34,350,000	47,755,000	293,886	278,427,654	4,053,370	405,217,266
2010	38,877,717	33,600,000	46,475,000	1,436,151	370,257,293	3,632,411	494,278,572
2011	37,359,198	32,820,000	45,155,000	2,552,594	383,230,810	3,623,668	504,741,270
2012	35,781,802	32,010,000	-	5,665,006	372,713,206	2,963,438	449,133,452
2013	34,146,715	25,335,000	-	11,101,548	361,808,291	2,620,593	435,012,147

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013.

Direct and Overlapping Debt

The following table describes the City's direct and overlapping debt as of November 6, 2013:

City of Oxnard
Direct and Overlapping Debt
(As of November 6, 2013)

2012-13 Assessed Valuation: $15,317,741,996

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/13	% Applicable (1)	City's Share of Debt 6/30/13
Metropolitan Water District	$165,085,000	0.722%	$ 1,191,914
Ventura County Community College District	308,659,326	14.649	45,215,505
Oxnard Union High School District	91,662,016	45.867	42,042,617
Oxnard School District	152,703,139	91.914	140,355,563
Rio School District	14,675,000	86.381	12,676,412
Rio School District Community Facilities District No. 1	29,600,000	100.	29,600,000
Hueneme School District	26,287,428	43.599	11,461,056
Ocean View School District	11,410,247	41.084	4,687,786
City of Oxnard Rose Avenue/Highway 101 Assessment District No. 96-1	2,500,000	100.	2,500,000
City of Oxnard Rice Avenue/Highway 101 Assessment District No. 2001-1	11,835,000 (2)	100.	11,835,000
City of Oxnard Oxnard Boulevard/Highway 101 Assessment District No. 2000-1	1,965,000	100.	1,965,000
City of Oxnard Community Facilities District No. 1	8,750,000 (2)	100.	8,750,000
City of Oxnard Community Facilities District No. 3	30,810,000 (2)	100.	30,810,000
City of Oxnard Community Facilities District No. 88-1	230,000	100.	230,000
City of Oxnard Oxnard Boulevard Highway Interchange Community Facilities District	7,980,000	100.	7,980,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$351,300,853
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Ventura County General Fund Obligations	$388,450,000	14.643%	$ 56,880,734
Ventura County Superintendent of Schools Certificates of Participation	11,510,000	14.643	1,685,409
Oxnard Union High School District Certificates of Participation	7,680,000	45.867	3,522,586
Ocean View School District Certificates of Participation	1,521,500	41.084	625,093
Oxnard School District Certificates of Participation	4,845,100	91.914	4,453,325
Rio School District Certificates of Participation	7,420,000	86.381	6,409,470
City of Oxnard Financing Authority	**64,299,500**	**100.**	**64,299,500**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			$137,876,117
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	$42,380,000	100. %	$42,380,000
TOTAL DIRECT DEBT			**$64,299,500**
TOTAL OVERLAPPING DEBT			$467,257,470
TOTAL DIRECT AND OVERLAPPING DEBT	(3)		$531,556,970

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes refunding bonds dated 8/13. Includes issues to be refunded.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.29%
Total Direct Debt ($64,299,500)	**0.42%**
Total Direct and Overlapping Debt	3.47%

Ratios to Redevelopment Incremental Valuation ($2,039,440,008):

Total Overlapping Tax Increment Debt	2.08%

Source: California Municipal Statistics, Inc.

Employment and Personal Income

The following table sets forth the unemployment rate, total personal income, and per capita income in the City for the last ten fiscal years.

City of Oxnard
Employment and Personal Income
(Fiscal Years 2002-03 through 2011-12)

Year Ended June 30	Unemployment Rate[1]	Personal Income (in thousands)	Per Capita Income
2004	7.8%	$2,886,966	$15,886
2005	7.0	3,093,466	16,645
2006	6.2	3,261,107	17,376
2007	6.1	3,494,586	18,463
2008	7.4	3,680,019	19,185
2009	11.0	3,751,908	19,352
2010	14.4	3,707,181	18,829
2011	14.2	3,739,475	18,697
2012	13.0	3,968,123	19,802
2013	10.1	4,018,506	20,007

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[1] State Employment Development Department (data is based on annual average).
Source: HdL Coren & Cone.

Taxable Retail Sales

Consumer spending in calendar year 2011 resulted in $2,122,220 in taxable sales in the City, which is approximately 9.75% higher than calendar year 2010. The following table sets forth information regarding taxable sales in the City for each type of business for calendar years 2008 through 2012.

City of Oxnard
Taxable Retail Sales by Type of Business
2008 – 2012
(in thousands)

	2008	2009	2010	2011	2012[1]
Motor Vehicles and Parts Dealers	$ 372,288	$ 306,123	$ 333,399	$ 379,666	$ 323,943
Home Furnishings and Appliance Stores	114,394	140,752	135,456	130,962	90,729
Building Materials and Garden Equipment and Supplies	93,118	92,975	91,427	96,614	89,952
Food and Beverage Stores	94,066	94,150	92,803	93,340	71,678
Gasoline Stations	223,783	174,508	205,785	253,645	198,472
Clothing and Clothing Accessories Stores	58,524	74,067	78,669	80,811	62,108
General Merchandise Stores	317,481	264,085	273,984	286,540	212,260
Food Services and Drinking Places	185,258	181,251	188,368	201,967	161,393
Other Retail Group	189,550	108,148	108,097	109,500	82,122
Total Retail and Food Services	1,648,461	1,436,959	1,507,987	1,633,046	1,292,657
All Other Outlets	517,015	419,475	425,740	489,175	388,435
Total All Outlets	$2,165,477	$1,856,434	$1,933,728	$2,122,220	$1,681,091

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(1) As of third quarter of 2012.
Source: California State Board of Equalization.

Transportation

Oxnard is served by all major modes of transportation. Both U.S. Highway 101 and State Highway 1 pass through the City, linking it with the Los Angeles metropolitan area and Santa Barbara County. Rail passenger service is provided by AMTRAK, which has a station in the City. Two trains pass through daily in each direction and stop at the Oxnard station. Metrolink provides commuters from the Oxnard Transportation Center with several daily routes to the Los Angeles basin, including downtown Los Angeles. Union Pacific Railroad provides freight rail service through the City. The Ventura County Railroad Company connects Port Hueneme, the Ormond Beach Industrial Area, the Naval Construction Battalion Center, and surrounding industrial areas to the Union Pacific line. The Port of Hueneme, owned and operated by the Oxnard Harbor District, is the only commercial deep-draft harbor between Los Angeles and San Francisco. The port has five 600 to 700 foot berths and a 35-foot entrance channel depth. Completed in 1989 was an $18 million expansion of the harbor that included the addition of an automobile terminal and the construction of a new wharf. The Port's acquisition of approximately 33 acres from the Navy in 1997 has enabled it to increase facilities for handling refrigerated containers and roll-on/roll-off cargoes. The Channel Islands Harbor is a modern 3,000 slip boat marina, which also serves the Oxnard area in the capacity of a recreational marina and covers approximately 310 acres. The Oxnard Airport is operated by Ventura County as a general and commercial aviation airfield. The Oxnard Airport handles passenger as well as cargo services. Local bus service is provided by Gold Coast Transit, a regional public transit agency funded by the County and member cities. Service is available in Ojai, Ventura, Oxnard, and Port Hueneme. The Greyhound bus line provides passenger and parcel service from its Oxnard station. A multi-modal transportation center located in downtown Oxnard brings together all these forms of transportation.

Education

There are 35 elementary, 8 junior high, and 5 senior high schools located in and immediately around the City, plus eight parochial and private schools. The City is served by Oxnard College, a California community college. The 119-acre campus is located on Rose Avenue between Channel Island Boulevard and Pleasant Valley Road. Oxnard College currently offers degree and certificate programs. The California State University campus at Channel Islands (CSUCI) opened in fall 2002, and has a current enrollment of over 3,700 students. In addition, two campuses of the University of California, Santa Barbara (UCSB) and Los Angeles (UCLA), one campus of the California State University, Northridge (CSUN), and two private universities, Pepperdine and California Lutheran University, are within a 50-minute drive.

Recreation

The City offers its residents a wide range of recreational facilities. The beach parks, marina and neighborhood and regional parks add up to nearly 1,500 acres of park land. McGrath State Beach Park, located south of the Santa Clara River mouth, covers approximately 295 acres and includes over a mile of ocean frontage. Overnight camping and day picnics are the main use of that park. Oxnard Beach Park includes approximately 62 acres with concession stands and facilities for day picnics and sports. Silver Strand Beach, south of the Harbor entrance, and Hollywood Beach, north of the entrance, are day beach facilities. Channel Islands Harbor is a recreational boating marina administered by Ventura County. The City has over 30 neighborhood parks located throughout the City. A tennis and softball center is located at Community Center Park. Additionally, Wilson Park contains the largest senior citizen center in the Tri-County area.

The City owns River Ridge Golf Club, consisting of two 18-hole championship golf courses, the Vineyard Course and the Victoria Lakes Course. The City also owns a 1,600-seat Performing Arts Center located on Hobson Way in the center of the City.

Budgetary Process and Administration; General Fund

The City uses the following procedures when establishing the budgetary data reflected in its financial statements:

The fiscal year of the City begins on the first day of July of each year and ends on the thirtieth day of June the following year. The annual budget, adopted by resolution of the City Council, serves as the foundation for the City's financial planning and control. The City Council approves operating and capital appropriations at the fund and department levels. Budgetary control is maintained at the department level and the department head may transfer resources within a department. While the City Manager may approve the transfer of funds between departments, special approval by the City Council is required for adjustments to fund budgets. Although the budget must be adopted annually, the Council approves a balanced two-year operating budget and capital improvement plan. As part of the annual budget resolution, the City Council reauthorizes appropriations for continuing projects and activities.

The following tables reflect the City's General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the Fiscal Years shown, the City's General Fund adopted budget for the Fiscal Years ended June 30, 2013 and June 30, 2014, and the City's General Fund proposed budget for the Fiscal Year ended June 30, 2015. The budget was adopted July 16, 2013 for the July 1, 2013 – June 30, 2014 Fiscal Year. This information has been derived from the audited financial statements of the City for the fiscal years shown. This information should be read in conjunction with "APPENDIX B – FINANCIAL STATEMENTS OF THE CITY OF OXNARD" attached hereto.

The table on the following page sets forth the City's General Fund Balance Sheet based upon audited financial statements for Fiscal Years ended June 30, 2009 through June 30, 2013.

City of Oxnard
General Fund Balance Sheet
Fiscal Years Ended June 30, 2009 through June 30, 2013

	2009	2010	2011	2012	2013
ASSETS:					
Cash and cash equivalents	$18,376,293	$22,387,807	$22,005,593	$13,612,197	$ 15,092,682
Accounts and other receivables	2,896,463	2,994,596	2,119,208	2,031,640	2,265,165
Due from other funds	6,397,244	7,871,572	10,319,096	12,726,983	10,141,052
Due from other agencies	-	-	-	2,572,528	7,624,876
Due from other government	5,467,545	5,343,610	6,958,448	10,346,226	8,332,752
Advances for other funds	-	-	-	-	-
Other assets	-	-	10,700	424,642	112,697
Total Assets	**$33,137,545**	**$38,597,585**	**$41,413,045**	**$41,714,216**	**$43,569,224**
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,874,869	2,675,563	3,051,309	2,477,543	4,152,943
Other liabilities	6,765,088	5,593,442	4,558,250	5,186,167	3,813,978
Due to other funds	-	-	-	-	-
Unearned revenues	702,851	601,786	682,651	290,455	3,387,258
Total Liabilities	**9,342,808**	**8,870,791**	**8,292,210**	**7,954,165**	**11,354,179**
Fund Balances:					
Nonspendable:					
Due from Other Agency	-	-	-	-	4,714,203
Restricted	-	-	-	-	
Debt Service	-	-	-	-	-
Other purposes	-	-	-	-	1,482,872
Public safety retirement	-	-	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Measure "O" service enhancement	5,548,671	11,269,187	17,472,751	18,093,783	14,658,123
Other purposes	-	-	-	-	-
Unassigned:	18,246,066	18,457,607	15,648,084	15,666,268	11,359,847
Total Fund Balances	**23,794,737**	**29,726,794**	**33,120,835**	**33,760,051**	**32,215,045**
Total Liabilities and Fund Balances	**$33,137,545**	**$38,597,585**	**$41,413,045**	**$41,714,216**	**$43,569,224**

Source: City's Comprehensive Annual Financial Report for applicable fiscal years.

The following table sets forth the City's General Fund Statement of Revenues, Expenditures and Changes in Fund Balances based upon audited financial statements for Fiscal Years ended June 30, 2009 through June 30, 2013.

City of Oxnard
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2009 through June 30, 2013

	2009	2010	2011	2012	2013
REVENUES					
Taxes	$ 79,844,496	$ 80,279,089	$ 84,342,934	$ 90,974,369	$89,360,382
Licenses and permits	1,726,375	1,523,926	1,298,939	1,802,900	1,862,813
Intergovernmental	10,617,332	11,093,447	12,451,920	11,821,579	13,127,768
Growth and development fees	–	–	–	–	
Charges for services	10,648,706	10,917,704	10,512,219	9,366,140	8,710,647
Fines and forfeitures	690,029	627,327	657,538	620,374	487,297
Interest on investments	1,201,095	663,552	501,703	299,473	15,104
Special assessments	–	–	–	–	
Rental income	–	–	–	–	
Investment income	–	–	–	78,344	
Miscellaneous	4,241,898	4,159,988	3,239,632	5,136,999	3,408,890
Total Revenues	**108,969,931**	**109,265,033**	**113,054,885**	**120,100,178**	**116,972,901**
EXPENDITURES					
Current:					
General government	11,353,389	10,769,139	10,561,644	10,049,461	10,114,846
Public safety	58,063,732	63,054,917	65,136,544	65,037,151	68,591,284
Transportation	4,402,407	4,539,680	4,577,506	4,411,287	4,032,023
Community Development	10,829,145	10,867,404	9,692,673	9,105,238	9,079,931
Culture and leisure	13,427,946	11,951,916	12,250,438	11,551,617	12,371,602
Library Services	4,709,777	4,611,497	4,616,656	4,523,541	4,305,466
Capital outlay	795,364	157,863	3,815,114	9,818,142	7,198,960
Debt service:					
Principal retirement	–	–	–	–	–
Interest and fiscal charges	–	–	–	–	–
Total Expenditures	**103,581,760**	**105,955,416**	**110,680,580**	**114,496,437**	**115,694,112**
Excess of Revenues Over (Under) Expenditures	5,388,171	3,309,617	2,374,305	5,603,741	1,278,789
OTHER FINANCING SOURCES (USES)					
Issuance of debt	–	–	–	–	-
Transfers in	2,836,751)	5,952,395	5,939,476	36,750	132,580
Transfers out	(4,883,288)	(3,329,955)	(4,919,740)	(5,001,275)	(5,424,980)
Total Other Financing Sources (Uses)	**(2,046,538)**	**2,622,440**	**1,019,736**	**(4,964,525)**	**(5,292,400)**
Net Change in Fund Balances	3,341,633	5,932,057	3,394,041	639,216	(4,013,611)
Fund Balances, July 1	20,453,104	23,791,737	29,726,794	33,120,835	33,760,051
Prior period adjustment	-	-	-	-	2,468,605
Fund Balances, June 30	**$ 23,794,737**	**$ 29,726,794**	**$ 33,120,835**	**$33,760,051**	**$32,215,045**

Source: City's Comprehensive Annual Financial Report for applicable fiscal years.

The following table sets forth the City's General Fund budgeted revenues and expenditures for Fiscal Years ended June 30, 2013 through June 30, 2015.

City of Oxnard
General Fund
Budgeted Revenues and Expenditures
Fiscal Years Ended June 30, 2013 through June 30, 2015
($ in thousands)

	Adopted 2013	Actual 2013	Adopted 2014	Proposed 2015[1]
REVENUES				
Property Tax[2]	$ 40,594	$ 41,224	$ 42,267	$ 43,466
Sales Tax[3]	25,245	25,064	26,751	27,823
Other Taxes	12,073	12,980	12,326	12,785
Licenses and Permit	1,984	1,863	1,967	2,052
Intergovernmental	1,789	1,976	1,734	1,779
Interfund	11,167	11,152	11,205	11,205
Charges for Services	10,979	8,711	8,283	8,395
Fines and Forfeitures	2,347	487	2,170	2,183
Miscellaneous	2,560	3,463	1,743	1,789
Total Revenues	**$108,738**	**$106,920**	**$108,446**	**$111,477**
EXPENDITURES				
Departmental	$101,683	$101,436	$100,499	$100,544
Non-Departmental	7,132	6,215	7,947	10,933
Total Expenditures	**$108,816**	**$107,651**	**$108,446**	**$111,477**

Source: City of Oxnard.

[1] No assurance can be made that the proposed budget will be adopted as proposed.

[2] Includes property tax in lieu of vehicle license fees. See table captioned "General Fund Tax Revenues By Source" herein.

[3] Amount does not include Measure O ½ cent sales tax receipts. In November of 2008, the voters approved Measure O for the purposes of protecting, maintaining and enhancing vital City services including police, fire and emergency response. Such sales tax revenues constitute general fund revenues. Measure O expires in 2028. Measure O receipts since voter approval were as follows:

Fiscal Year 2012-13: $10,091,602
Fiscal Year 2011-12: $13,268,841
Fiscal Year 2010-11: $11,161,453
Fiscal Year 2009-10: $8,908,667
Fiscal Year 2008-09: $1,974,894 (partial year)

General Fund Tax Revenues by Source

In addition to *ad valorem* taxes on real property, the City receives the following local taxes:

Sales and Use Taxes. Sales tax is collected and distributed by the State Board of Equalization. Each local jurisdiction receives an amount equal to one percent of taxable sales within their jurisdiction.

Transient Occupancy Taxes. The City levies a 3% transient occupancy tax on hotel, motel and other lodging bills.

Franchise Tax. The City levies a 4% franchise tax on its cable television, trash collection and utility franchises.

Business License Tax. The City levies a business license tax.

The following table shows the sources of tax revenues of the General Fund for the past five fiscal years.

City of Oxnard
General Fund Tax Revenues by Source
Fiscal Years Ended June 30, 2009 through June 30, 2013
($ in thousands)

Fiscal Year Ended June 30	Property Tax	Property Tax In-Lieu of Vehicle License Fee	Sales Tax	Transient Occupancy Tax	Franchise Users Tax	Business License Tax
2009	$27,406	$15,232	$22,068	$3,329	$4,636	$4,958
2010	26,565	14,290	19,194	3,061	3,440	4,693
2011	25,441	14,192	22,235	3,302	3,496	4,413
2012	26,341	14,099	24,184	3,403	3,436	6,125
2013	26,898	14,326	25,064	3,827	3,842	4,563

Source: City of Oxnard.

Management's Discussion and Analysis

The General Fund is the primary operating fund of the City. At the end of fiscal year 2012-13, the fund balance of the General Fund was $32.2 million. The unassigned fund balance of the General Fund was $11.4 million, which is 10% of general fund operating expenditures (excluding Measure O activities).

General fund operating revenues exceeded expenditures by $1.3 million. Total operating revenues decreased $3.1 million due to a timing issue at the State for the Measure O ½ cent sales tax that resulted in a higher accrual to the prior fiscal year. General fund expenditures reflected a net increase of $1.2 million, half of which was related to Measure O projects.

- Taxes decreased $1.6 million; however, net of the $3.2 million decrease in the Measure O ½ cent sales tax, taxes increased $1.6 million. These increases reflected a local economy in a modest recovery. Increases include $1.2 million in property taxes in part due to distribution of Redevelopment Property Tax Trust Fund funds, $0.8 million in sales taxes (excluding Measure O). Other taxes had a combined increase of $1 million with the exception of business license fees which decreased $1.6 million due to a timing change in collections. Other revenues decreased $1.6 million due to prior year one-time reimbursements.

- Excluding an $0.6 million increase in the expenditure of Measure O funds, primarily in capital outlays, general fund expenditures increased $0.6 million as the City continued its efforts to control costs.

- Net transfers decreased $0.3 million primarily the result of a modest increase in transfers to the debt service fund.

City's Investment Policy

The City's investment policy (the "Investment Policy") is intended to provide guidelines for the prudent investment of City funds, and to outline the policies for maximizing the efficiency of the City's cash management system. The policy of the City is to invest public funds in a manner which will provide high investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds. The Investment Policy applied to the City's pooled investment fund which encompasses all monies under the direct oversight of the City Treasurer. These include the General Fund, Special Revenue Funds, Capital project Funds, Enterprise Funds, Internal Service Funds and Fiduciary Funds. Reference is made to the entire Investment Policy, including the appendices and attachments thereto, which is available upon request from the City. See also APPENDIX B - "FINANCIAL STATEMENTS OF THE CITY OF OXNARD."

Pension Plans

The City contributes to the California Public Employees Retirement System ("PERS"), a multiple-employer, public employee defined benefit plan, which acts as a common investment and administrative agent for participating public entities within the State of California. The City's membership is reported within three plans classified into two categories: safety members (police and fire) and miscellaneous members (all other regular employees). The City's payroll for employees covered by PERS for the year ended June 30, 2013, was $83,461,612; the City's total payroll was $101,510,481. PERS issues a separate comprehensive annual financial report. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

All City personnel are eligible to participate in PERS, becoming vested after five years of service. Employees who retire at or after age 50 with five years of credited service are entitled to retirement benefits. Monthly retirement benefits are payable for life in an amount equal to a specified percentage as follows:

Miscellaneous Employees (ranging from 1.426 percent for employees who retire at age 50 to 2.418 percent for employees who retire at age 63 or over)	2% at age 55
Police Employees	3% at age 50
Fire Employees	3% at age 55

The benefits are calculated at the highest consecutive 12 months for miscellaneous employees and safety employees.

Required employee contributions to PERS are 7 percent of compensation for miscellaneous employees and 9 percent of compensation for safety employees, which the City currently pays for regular employees. Under the California Public Employees' Pension Reform Act of 2013 (PEPRA), for new employees hired on or after January 1, 2013, the required employee contributions to PERS are 6.75 percent of compensation for miscellaneous employees, 15 percent of compensation for safety Police employees and 12.25 percent of compensation for safety Fire employees. The City is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration.

PERS uses a modification of the entry age normal actuarial cost method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. The City's contributions to PERS (including the employee share) for the years ended June 30, 2013, 2012, and 2011 were $24,986,509, $24,671,878, and $22,331,816, respectively, and were equal to required contributions for each year. Contribution rates for each participating employer are determined based on the benefit structure established. Employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at actuarially determined rates. The contribution rates at June 30, 2013, 2012, and 2011 were 100.00%, for each year, of annual covered payroll for police, fire, and miscellaneous employees. The contribution requirements of plan members and the City are established and may be amended by PERS. For additional information, see "APPENDIX B – FINANCIAL STATEMENTS OF THE CITY OF OXNARD."

Currently, a significant portion of the contribution requirements for police and fire are funded with voter-approved property tax override. The maximum property tax rate is $0.076637 per $100 of assessed values within the City (except a portion of land annexed to the City in 1969). The estimated contribution amount for Fiscal Year 2013-14 for public safety employees is approximately $17 million and the property tax override is expected to generate approximately $13 million.

The funded status of each plan as of June 30, 2012, the most recent actuarial valuation, on an actuarial value of assets basis is as follows (dollar amounts in thousands):

	Actuarial Value of Assets	**Actuarial Accrued Liability (AAL)-Entry Age**	**Unfunded AAL (UAAL)**	**Funded Ratio**	**Covered Payroll**	**UAAL as a percentage of Covered Payroll**
Police	$212,195	$258,372	$46,177	82.1%	$23,524	196.3%
Fire[*]	94,923	117,568	22,645	80.7	9,488	238.7
Miscellaneous	299,531	347,813	48,282	86.1	49,497	97.5

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* The CAFR amounts for Fire reflect total risk pool valuations and liabilities.

The funded status of each plan as of June 30, 2012 on a market value basis is as follows (dollar amounts in thousands):

	Market Value of Assets	**Actuarial Accrued Liability (AAL)-Entry Age**	**Unfunded AAL (UAAL)**	**Funded Ratio**
Police	$178,158	$258,372	$80,214	69.0%
Fire	79,518	117,568	38,050	67.6
Miscellaneous	249,812	347,813	98,001	71.8

On April 17, 2013 the PERS Board of Administration approved new actuarial policies aimed to fully fund the pension system's obligations within 30 years. The new policies include a rate-smoothing method with a 30-year fixed amortization period for gains and losses. PERS announced that, based on investment return simulations performed for the next 30 years, increasing contributions more rapidly in the short term is expected to result in almost a 25% improvement in funded status over a 30-year-period. The new amortization schedule will be used to set contribution rates for public agency employers in the State beginning in the 2015-16 fiscal year. This delay is intended to allow the impact of the changes to be built into the projection of employer contribution rates and afford employers with additional time to adjust to the changes.

According to PERS, the new policies will result in an increased likelihood of higher peak employer contribution levels in the future but not significantly increase average contribution levels. The median employer contribution rate over the next four years is expected to be higher. In the long-term, however, higher funded levels may result in lower employer contributions. Local government's contracts with PERS are unique to each municipality.

In the PERS' June 30, 2012 actuarial valuations, PERS used the new actuarial methods for the calculation of the projected contribution rates. The projected rates for each plan as of June 30, 2012, the most recent actuarial valuation, are as follows:

	New Rate	Projected Future Employer Contribution Rates				
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Police	37.748%	40.5%	42.3%	44.0%	45.8%	48.2%
Fire	26.881	28.9	31.0	33.1	35.1	37.2
Miscellaneous	14.417	15.7	16.9	18.1	19.4	20.6

The City cannot anticipate accuracy of the projections above or to what extent the contribution requirements of the City will increase in future years.

Public Agency Retirement System Retirement Enhancement Plan

The City established a Public Agency Retirement System Retirement Enhancement Plan ("PARS") effective January 1, 2003 for selected groups of miscellaneous employees (non-safety), Service Employees International Union (SEIU), International Union of Operating Engineers (IUOE), Management, and one of the two groups of Confidential employees. PARS is a defined benefit 401(a) tax-qualified multiple agency trust. PARS meets the requirements of a pension trust under California Government code. The plan provides supplemental retirement benefits in addition to PERS. Phase II Systems is the PARS Trust Administrator. For employees meeting the eligibility requirements, the plan provides a benefit equal to the "3% at 60" plan factor (formula is a static 3% at age 60 and older), less the PERS "2% at 55" plan factors for all years of City service plus any military service purchased through PERS (prior to July 1, 2003) while an employee of the City.

Eligibility for an immediate benefit is defined as reaching age 50, completing five years of service, and retiring concurrently from both the City and PERS after leaving City employment. In addition, a deferred benefit would be available to participants who complete five years of service. The City has full discretionary authority to control, amend, modify or terminate this plan at any time.

Employees and the City contribute a total of 8% of eligible employees' gross wages. Current employee and city contributions by employee groups are as follows:

	City Contributions	Employee Contributions
IUOE	2.7%	5.3%
SEIU	3.5	4.5
Management and confidential	3.0	5.0

In addition, the City is required to contribute the remaining amounts necessary to fund the benefit to its members using the actuarial basis recommended by PARS actuarial consultants. This contribution for the fiscal year ended June 30, 2013, was 7.80 percent of eligible employee gross wages. The City's payroll for employees covered by PARS for the year ended June 30, 2013, was $38,357,176. PARS issues a separate comprehensive annual financial report. Copies of PARS annual financial report may be obtained from the PARS Executive Office, 3961 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660.

For fiscal year 2012-13, the City's annual pension cost ("APC") of $4,169,425, for PARS was equal to the City's required actual contribution. The required contribution was determined as part of the June 30, 2011, actuarial assumptions and retained the entry age actuarial cost method.

As of June 30, 2011, the most recent actuarial valuation date, the plan was 36% funded. The actuarial accrued liability for benefits was $71,388,000, and the actuarial value of assets was $32,859,000, resulting in an unfunded actuarial accrued liability (UAAL) of $38,529,000. The covered payroll (annual payroll of active employees covered by the plan) was $40,414,000, and the ratio of the UAAL to the covered payroll was 95.3%.

Early Retirement Incentive Plan

The City adopted a supplemental retirement plan to 48 eligible employees; this plan is administered by Phase II Systems, PARS Trust Administrator. The level of benefit is 7% of the employee's final base pay, payable through the employee's lifetime, with an option of payment for five to ten years, at the employee's election.

Post-Employment Health Care Benefits

The City provides post-employment benefits for retired employees. Employees who retire from the City and receive a PERS pension are eligible for post-employment medical benefits. Retirees can enroll in any of the available PERS medical plans. This benefit continues for the life of the retiree and surviving spouse. Benefit provisions for PERS are established by the Public Employees Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.). PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS annual financial report may be obtained from the PERS Executive Office, 400 "P" Street, Sacramento, California 95814.

The City contributes the minimum amount allowed under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. The City's required monthly contribution for calendar year 2013 was $115.00. The required contribution is based on pay-as-you-go financing requirements. Retirees must contribute any premium amounts in excess of the City contribution.

The Fiscal Year 2012-13, the City's annual OPEB (Other Post Employment Benefit) cost of $1,339,137 was higher than the actual contribution. As of July 1, 2011, the unfunded actuarial accrued liability of the plan was $12,772,079.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

APPENDIX B

FINANCIAL STATEMENTS OF THE CITY OF OXNARD

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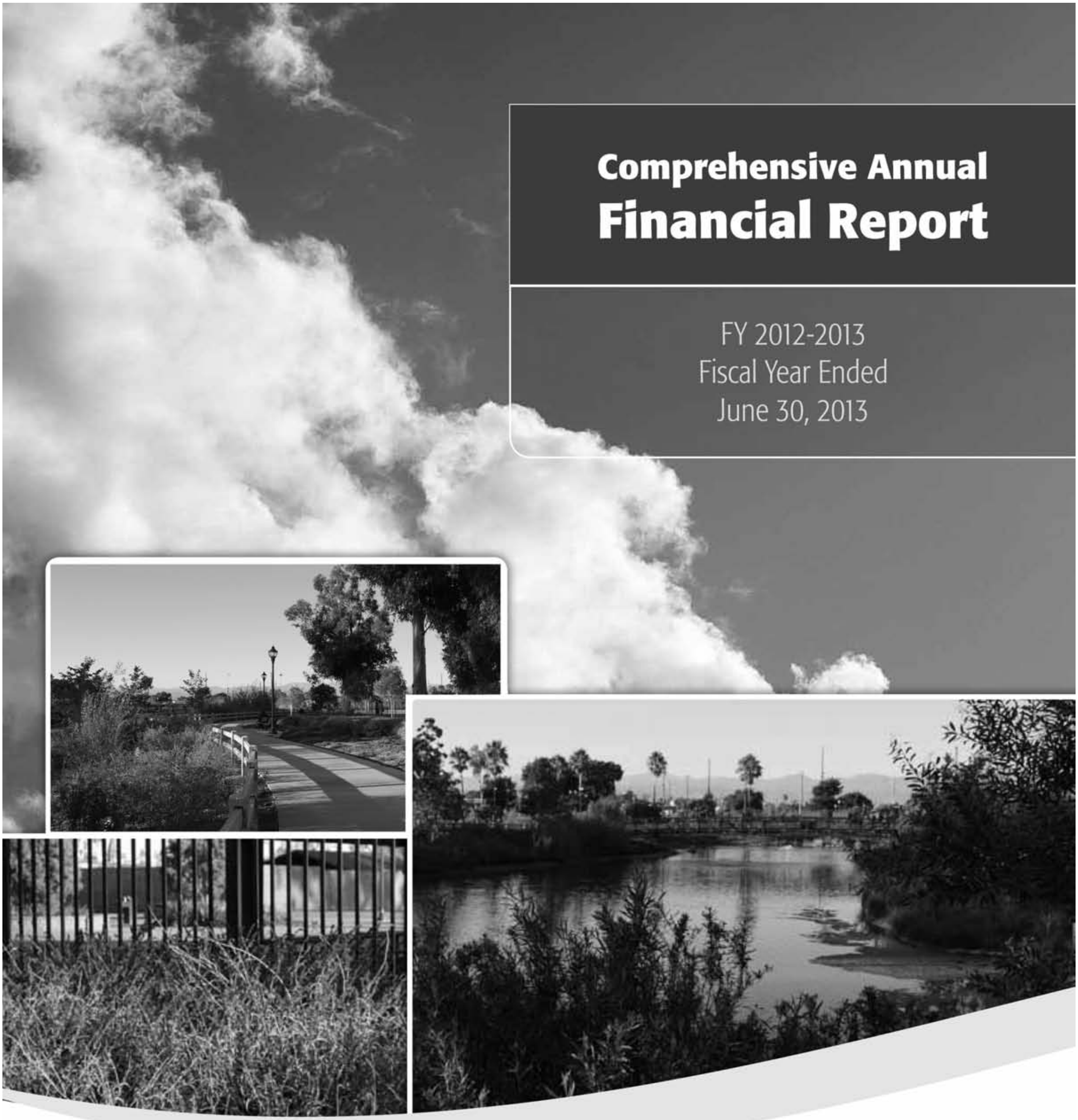

Comprehensive Annual Financial Report

FY 2012-2013
Fiscal Year Ended
June 30, 2013

Finance Department
CityofOxnard.org

CITY OF
OXNARD
CALIFORNIA

OXNARD
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2013

Prepared by
Finance Department
James Cameron
Chief Financial Officer

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013
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INTRODUCTORY SECTION

CITY OF
OXNARD
CALIFORNIA

300 West Third Street, Oxnard, CA 93030

December 30, 2013

To the Honorable Mayor, Members of the City Council,
and Residents of the City of Oxnard, California

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Oxnard, California (City) for the fiscal year ended June 30, 2013. State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

White Nelson Diehl Evans LLP, a firm of licensed certified public accountants, has issued an unqualified opinion on the City's financial statements for the year ended June 30, 2013. The independent auditor's report is located on page 1 in the financial section of this report. White Nelson Diehl Evans LLP also performed the federally mandated "Single Audit", the results of which are presented under separate cover.

Following the independent auditor's report is management's discussion and analysis (MD&A), which provides an overview and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile of the City of Oxnard

The City, incorporated in 1903, is located in western Ventura County (County) on the shores of the Pacific Ocean. The City is approximately 65 miles northwest of the City of

Los Angeles. Oxnard is the financial hub and the largest city in the County, with a population of 200,855 in 2013, representing 24 percent of the County's population.

The City operates under the Council-Manager form of government. The City Council, elected at large on a non-partisan basis, consists of the mayor, directly elected for a two-year term, and four council members, elected for four-year staggered terms. The City Treasurer and City Clerk are also elected for four-year terms. The City Manager is appointed by the City Council for the administration of City affairs, including appointment of the heads of various departments, day-to-day operations, and implementation of the City Council policies. The City Attorney is also appointed by and reports directly to the City Council. Additionally, the City Council members, in separate session, serve as the governing boards of the City of Oxnard Financing Authority, Oxnard Community Development Commission (Redevelopment Agency), and with two tenant members as the Oxnard Housing Authority.

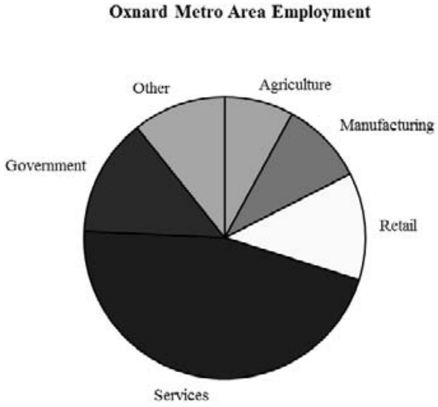
The City provides a full range of municipal services from a variety of funding sources. Services funded from general fund sources include police and fire protection, parks and recreational activities, library services, and cultural events. In addition, the City funds the construction and maintenance of streets, parks, and other public buildings. The City operates municipal water and wastewater treatment systems, refuse collection and a solid waste transfer and recycling facility, and a municipal golf course. In addition, the City oversees the Performing Arts and Convention Center. This report includes all funds of the City, as well as all governmental organizations and activities for which the City Council has financial accountability. These organizations include the Oxnard Housing Authority and the City of Oxnard Financing Authority.

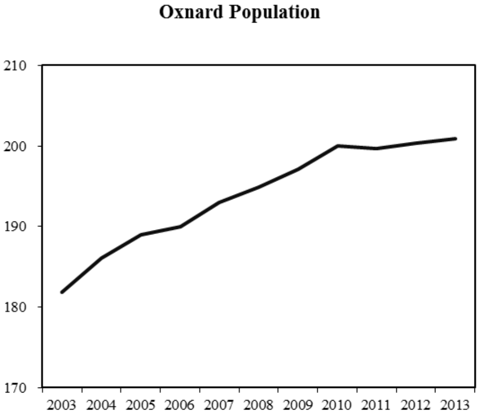
The Oxnard Community Development Commission (CDC), previously a component unit of the City has been dissolved pursuant to California State Assembly Bill AB 1X 26 as modified by AB 1484, effective February 1, 2012. Activities of the CDC are reported as part of fiduciary funds, including all assets and liabilities. The exception is the housing set aside fund, which continue to be reported in the City's financial statements under a separate successor agency.

The annual budget, adopted by resolution of the City Council, serves as the foundation for the City's financial planning and control. The City Council approves operating and capital appropriations at the fund and department levels. Budgetary control is maintained at the department level and the department head may transfer resources within a department. While the City Manager may approve the transfer of funds between departments, special approval by the Council is required for adjustments to fund budgets. Although the budget must be adopted annually, the Council approves a balanced two-year operating budget and capital improvement plan. As part of the annual budget resolution, the Council reauthorizes appropriations for continuing projects and activities.

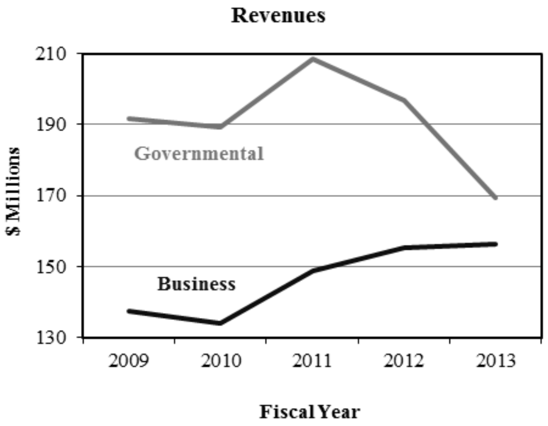
Local Economy

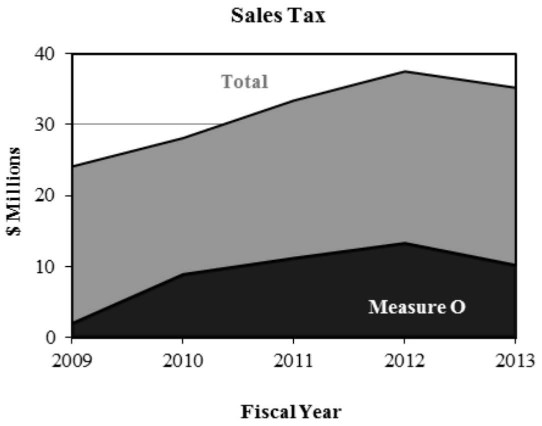
The City of Oxnard enjoys a diversified economic base composed of agriculture and related businesses, retail, various services, and governmental agencies. The services group provides the largest source of employment with agriculture providing an important source of employment in the City of Oxnard. While population growth in Oxnard has flattened over the last two years, growth has averaged just over 1% over the last ten years as a result of employment opportunities and low housing costs relative to other regions of the State. Unemployment continues to be a concern, however, there has been significant improvement in the last fiscal year, averaging 10.1% compared to 14.2% two years ago. Ventura County's unemployment rate declined from 9.5% a year ago to 7.8% as of August 2013. Employment in the metro area increased 1.4% as of August compared to a year ago. Increased employment in hospitality and leisure as well as trade transportation and utilities were partially offset by minor reductions in manufacturing and financial activities. Construction and educational and health services also showed modest gains.





While business activities experienced moderate revenue growth in 2013, governmental revenues decreased due to the change in accounting for CDC to a fiduciary fund. In addition, grant reimbursements were lower as projects were completed. Even with moderate economic growth, general fund revenues were flat except for a decrease in Measure O ½ cent sales tax revenues caused by a timing issue at the State. Base property taxes were relatively flat even though valuations have begun to increase slightly. Redistribution of redevelopment tax increment provided a modest increase overall. Developer related fees decreased as several development projects were initiated last fiscal year. Business activity revenues increased due to modest rate adjustments.


Revenues


Sales Tax

Long-term Financial Planning

The City has various long-term planning initiatives to support the financial management of City resources. As part of the biennial budget process, the City prepares a five-year financial forecast and presents a five-year capital program. Last year the City Council adopted the update to the general plan through 2030 and the various utilities have begun updates to long-term master plans. These activities help the City anticipate and plan for future financial trends.

Because it is difficult to fully anticipate dramatic changes in the national and local economies, the Council has set a general fund unassigned fund balance goal of 18% of the general fund's operating expenditures. The City ended the fiscal year at 10% or $11.6 million. While the Council appropriate $0.8 million from fund balance, the remaining decrease from the prior year was due to changes in accounting treatment of certain items related to receivables.

Major Initiatives

In November of 2008, the voters of Oxnard approved a ½ cent sales tax increase (Measure O). Fiscal year 2013 was the fourth full year of collecting the sales tax, which began in April of 2009. While this is a general purpose tax, the City's policy is to use this additional revenue to improve services to the community by adding and improving City facilities and programs. This initiative includes a citizen oversight committee and requires that revenues and the projects and programs funded from the ½ cent sales tax be audited and reported annually to the community. The ½ cent sales tax will require reauthorization by the voters in 2028.

GASB standards require that these funds be reported as a part of the General Fund; however, revenues and uses of the Measure O ½ cent sales tax are accounted for as a sub-fund within the General Fund. The following pages provide a summary of the financial status of this fund and a table listing the project and program funding approved by Council.

City of Oxnard
Measure O 1/2 Cent Sales Tax
Balance Sheet
June 30, 2013

ASSETS	
Cash and cash equivalents	$ 13,031,068
Due from other government	2,087,600
Total assets	**$ 15,118,668**
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	210,305
Other Liabilties	250,240
Total liabilities	460,545
Fund balances	14,658,123
Total fund balances	14,658,123
Total liabilities and fund balances	**$ 15,118,668**

Statement of Revenues, Expenditures, and Changes in Fund Balances

	For the Year Ended:	
	June 30 2013	**June 30 2012**
REVENUES		
Taxes	$ 10,091,602	$ 13,268,841
Investment/Interest Earnings	93,796	187,282
Net Decrease in Fair Value of Investments	(152,522)	-
Total revenues	10,032,876	13,456,123
EXPENDITURES		
Parks & Open Space	2,214,229	8,643,539
Traffic & Road Improvements	5,621,197	977,669
Public Safety & Gang Prevention/Intervention	4,796,143	2,605,211
Recreation & Youth Programming	768,037	608,673
Other Community Improvements	68,930	-
Total expenditures	13,468,536	12,835,091
Excess of revenues over (under) expenditures	(3,435,660)	621,032
Net change in fund balances	(3,435,660)	621,032
Fund balances, July (adjusted for FY 2012)	18,093,783	17,472,751
Fund balances, June 30	**$ 14,658,123**	**$ 18,093,783**

Measure "O" 1/2 Cent Sales Tax
City Council Approved Projects

Public Safety & Gang Prevention/Intervention	
Alliance Safety Blueprint - Youth Development	200,000
TAGRS Graffiti Software System	100,000
Fire Station Asphalt Replacement (Stn. 1, 2 & 4)	305,000
City Corps Townkeeper Program	1,800,000
Enhanced Community Policing	6,620,850
Police & Fire CAD/RMS	3,400,000
Fire Training Academy - Station 8	2,059,669
Fire Ladder Truck	1,100,000
Traffic & Road Improvements	
Alley Reconstruction	2,000,000
ITS	3,700,000
Roadway Repair	6,662,000
Del Norte Blvd Improvements	1,600,000
Tierra Vista Neighborhood	2,000,000
Parks & Open Space	
Campus Park Phase I	380,000
Campus Park Phase II	470,000
College Park Project - Phase IC	14,286,400
Del Sol Park Walking Track	215,000
East Village Park	2,694,000
Sports Park Project	150,000
Durley Park Renovations	830,000
SW Community Park Parking Lot (Boys & Girls Club)	30,000
Lemonwood Park Environmental	15,000
Recreation, Youth, and Senior Programming	
PAL Youth Services	600,000
Preschool to You Program Enhancement	575,000
Community Based Organization Contributions	600,000
Community Center Park West - Snack Bar Demolition & Reconstruction	410,000
New Senior Center/Upgrades and Programming	200,000
Youth Center	100,000
Oxnard Tennis Center Courts Resurfacing	74,900
South Oxnard Center Floor Replacement	61,990
Day at the Park - Special Needs	22,000
Homework Center at Main Library	45,000
Library - WiFi	62,000
Senior Nutrition Program Enhancement	60,000
Mobile Activity Center Services	45,000
Other Community Improvements	
Farm Museum	50,000
Spanish Language Interpretation of Council Meetings	100,000
Total Projects/Programs	**53,623,809**

In addition Council has approved Fire Station 8 at College park as a Design-Build Finance at a cost of $12,435,000 plus $2,100,000 for apparatus and other related project costs.

Single Audit

In accordance with the Single Audit Act of 1997, the City's grant programs, which utilize federal funds, either directly or passed through from State agencies, are subject to the audit requirements of the Federal Office of Management and Budget (OMB) Circular A-133. This includes tests of compliance with federal laws and regulations. The results of the single audit performed by White Nelson Diehl Evans LLP are available under separate cover.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the 24th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR, whose content conforms to program standards. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes the current CAFR continues to conform to the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to Marichu Maramba and to all members of the department as well as staff from other departments who contributed to the preparation of this annual financial report. We would also like to acknowledge the Mayor and Council Members, the City Manager's staff, and department directors for their consistent support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Karen R Burnham
Karen R. Burnham
Interim City Manager

James Cameron
James Cameron
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oxnard

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Oxnard, California

CITY COUNCIL

CARMEN RAMIREZ
Mayor Pro Tem

BRYAN A. MACDONALD
Councilman

TIM FLYNN
Mayor

DORINA PADILLA
Councilmember

BERT E. PERELLO
Councilmember

KAREN BURNHAM
Interim City Manager

City of Oxnard
Organization Chart

Residents

	City Council	
City Treasurer Danie Navas **Customer Service** (Eden Alomeri) Business Licensing Utility Billing	Tim Flynn, Mayor Carmen Ramirez, Mayor Pro Tem Bryan A. MacDonald, Councilman Dorina Padilla, Councilmember Bert E. Perello, Councilmember	**City Clerk** Daniel Martinez Elections Information Resources
City Attorney Alan Holmberg Debt Collection Legal Assistance Special Litigation	**City Manager** Karen Burnham (Interim) **Assistant City Manager** (Vacant)	**CDC / Successor Agency**

Police	Fire	Housing	Finance	City Manager	Human Resources	Development Services	Library	Public Works
Jeri Williams	James A. Williams II	Bill Wilkins	Jim Cameron	Karen Burnham (Interim)	Michelle Tellez	Matt Winegar	Barbara Murray	Rob Roshanian (Acting)
Administrative Services (Jason Benites) Emergency Communications Professional Standards Support Services **Field Operations** (Scott Whitney) Code Compliance Community Patrol **Investigative Services** (Vacant) Investigative Services Special Services	**Disaster Preparedness** (Vacant) **Emergency Services** (Darwin Base) (Chris Donabedian) **Fire Prevention** (Gary Sugich) **CUPA** (Miguel Trujillo)	**Administrative Services** (Carrie Sabatini) **Affordable Housing** (Karl Lawson) **Housing Assistance** (Will Reed) **Capital Fund Asset Management** (Juan Jimenez) **Grants Management** (Norma Owens) Grants Assistance	**Budget and Grants Management** (Beth Vo) Budget Grants Management **Financial Resources** (Mike More) Debt & Property Management Liability Management **General Accounting** (Marichu Maramba) Accounting Accounts Payable Payroll **Purchasing** (Bruce Dandy) Mail Service Purchasing	**Deputy City Manager** (Grace Magistrale Hoffman) **Deputy City Manager** (Martin Erickson) Cable Television Community Relations Neighborhood Services Public Information Special Projects Legislative Affairs	Employee Benefits Employee Training Human Resources Labor Negotiations Safety & Wellness Workers' Compensation	Development Support Transportation Planning & Services **Building and Engineering** (Vacant) Building and Engineering **Planning** (Sue Martin) Planning & Environmental Services	Circulation Services Branch Services Community Outreach Public Services Support Services	**Administration** **Construction and Design Services** (Lou Balderrama) Construction Services Design Street Maintenance & Repair Traffic Signs & Markings **Water** (Anthony Emmert) **Wastewater** (Anthony Emmert) **Environmental Resources** (Todd Housley)

City Manager		
Divisions		
Recreation & Community Services (Vacant) Recreation Services Senior/Special Population Services South Oxnard Center Special Events Youth Development **Performing Arts And Convention Center**	**General Services** (Michael Henderson) Facilities Maintenance Landscape Assessment & Graffiti Removal Park/Facility Development Parks Maintenance River Ridge Golf Course Street Lighting Fleet Services	**Information Systems** (Grace Magristrale Hoffman) Citywide Network Support Document Publishing Services Geographic Information Systems Help Desk Municipal Software Support Telecommunications Support

FINANCIAL SECTION

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Honorable City Council
City of Oxnard, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxnard (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oxnard Housing Authority Enterprise Fund, a major fund, which represents 3.3 percent, 5.1 percent, and 15.8 percent, respectively, of the assets, net position and revenues of the City's business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oxnard Housing Authority Enterprise Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditors' Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxnard, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them. The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of the City or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and individual fund schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Diehl Evans LLP

Irvine, California
December 30, 2013

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MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

This section of the City of Oxnard's annual financial report presents management's discussion and analysis of the financial performance of the City for the fiscal year ended June 30, 2013. Please read this information in conjunction with the transmittal letter, which can be found in the introductory section of this report (pages i to v), and the City's financial statements, beginning on page 19.

Financial Highlights

- The assets of the City exceeded its liabilities by $1.8 billion (net position) at the close of the fiscal year. In the previous year, the net position of the City was also $1.8 billion.
- As of the close of the fiscal year, the City's governmental activities reported a net position of $1.46 billion, the same as the prior fiscal year.
- At the end of the fiscal year, the unassigned fund balance of the General Fund was $11.4 million, which is 10% of the general fund's operating expenditures excluding Measure O expenditures.
- The City's total debt (excluding compensated absences) decreased by $14.1 million during the current fiscal year primarily in business-type activities ($11.3 million). Total debt in governmental funds was reduced $2.8 million.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, this report contains other supplementary and statistical information.

Government-wide financial statements. The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector business. The statement of net position includes all of the City's assets and liabilities as well as deferred outflows and inflows with the difference reported as net position. Over time, increases or decreases in the City's net position serves as a useful indicator of whether the financial health of the City is improving or deteriorating. Fiscal year revenues and expenses are reported in the statement of activities regardless of when cash is received or paid. The statement of activities summarizes the basis for the change in net position.

The two government-wide financial statements distinguish between activities that are primarily supported by taxes and intergovernmental revenues (governmental activities) and business type activities that are intended to recover all or a significant part of their costs.

- *Governmental activities* include most of the City's basic services, such as general government, public safety, public works, parks, recreation, and library services. Property and sales taxes, franchise fees, user fees, interest income, and State and Federal grants finance these activities.

- *Business-type activities* consist of the City's water and wastewater systems, environmental resources, housing services, and the operations of the Performing Arts and Convention Center and River Ridge Golf Course. The City charges fees to customers to recover the cost of these services.

The government-wide financial statements can be found on pages 19 through 20.

Fund financial statements. A fund is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used by state and local governments to meet legal requirements and enhance management of financial resources. The City's funds have been divided into three categories:

- *Governmental funds.* As with the governmental activities reported in the government wide financial statements, most of the City's basic services are reported in governmental funds. Governmental fund statements use the modified accrual basis of accounting and focus on the flow of financial resources to and from those funds and the balances of spendable resources that are available at year-end. As a result, governmental funds provide a short-term view that can be used to evaluate near-term requirements for financial resources. Because governmental fund statements do not encompass the long-term focus of the government-wide statements, a reconciliation of these statements is included following the governmental funds statements. The basic governmental fund financial statements begin on page 21.

- *Proprietary funds*. The City maintains two types of proprietary funds to report services for which customer fees are intended to finance the costs of operations. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds report activities that provide supplies and services for the City's programs and services. Internal service funds include the City's self-insurance, utility customer services, information services, facilities maintenance and equipment maintenance services. While these internal service funds are combined into a single presentation for the proprietary funds financial statements, they are allocated to the appropriate function in the government-wide financial statements. The major funds of the enterprise funds are presented separately in the proprietary funds financial statements. Proprietary funds financial statements use similar accounting methods and focus, both long-term and short-term, as the government-wide statements. The basic proprietary fund financial statements begin on page 26.

- *Fiduciary funds.* The City is the trustee, or fiduciary, for certain funds established to account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. The method of accounting for these funds is similar to that of proprietary funds. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the City's government-wide financial statements because they do not support the City's own programs and operations. The basic fiduciary fund financial statements begin on page 34.

Notes to the financial statements. The notes provide additional information to the government-wide and fund financial statements that are important in fully understanding the data presented in the financial statements. The notes to the financial statements begin on page 36.

Government-wide Financial Analysis

As shown in the following table, the City of Oxnard's assets exceeded liabilities by $1.8 billion at the close of the fiscal year.

Summary of Net Position
($thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	$ 131,845	$ 141,855	$ 97,317	$ 103,951	$ 229,162	$ 245,806
Capital assets (net of accumulated depreciation)	1,472,765	1,459,342	615,643	612,146	2,088,408	2,071,488
Properties held for resale	105	105	-	-	105	105
Other assets	145	9,402	261	7,058	406	16,460
Total assets	1,604,860	1,610,704	713,221	723,155	2,318,081	2,333,859
Deferred outflows of resources	5,920	-	3,912	-	9,832	-
Total assets and deferred outflows of resources	**1,610,780**	**1,610,704**	**717,133**	**723,155**	**2,327,913**	**2,333,859**
Current liabilities	55,639	45,660	21,574	18,149	77,213	63,809
Non-current liabilities	96,820	101,398	359,087	372,394	455,907	473,792
Total liabilities	**152,459**	**147,058**	**380,661**	**390,543**	**533,120**	**537,601**
Net position						
Net Investment in Capital Assets	1,407,061	1,386,190	285,475	264,693	1,692,536	1,650,883
Restricted	28,720	18,707	16,578	17,603	45,298	36,310
Unrestricted	22,540	58,749	34,419	50,316	56,959	109,065
Net position	**$ 1,458,321**	**$ 1,463,646**	**$ 336,472**	**$ 332,612**	**$ 1,794,793**	**$ 1,796,258**

Note: Adjusted FY 12 classification of current & non-current liabilities.

Total assets decreased $15.8 million, including the transfer of the adjustment for interest rate swaps to Deferred Outflow of Resources from Other Assets. Cash and investments decreased $17.9 million as amounts accumulated in previous years were expended on capital projects. Capital assets (net of depreciation) increased $16.9 million.

A significant portion of the City's net position (94%) reflects its investment in capital assets net of accumulated depreciation, less any related debt outstanding used to acquire those assets. Governmental Activities increased $20.9 million and Business-Type Activities increased $20.8 million. Because capital assets are tied up in land, buildings, equipment, and other infrastructure that supports the services provided to citizens, these amounts are not available for future spending. The remaining net position is made up of restricted (3%) and unrestricted (3%) categories.

The net position of the City decreased $1.5 million after prior period adjustments; however, Governmental Activities decreased $5.3 million. The following table presents a summary of the changes in the City's net position for the year ended June 30, 2013.

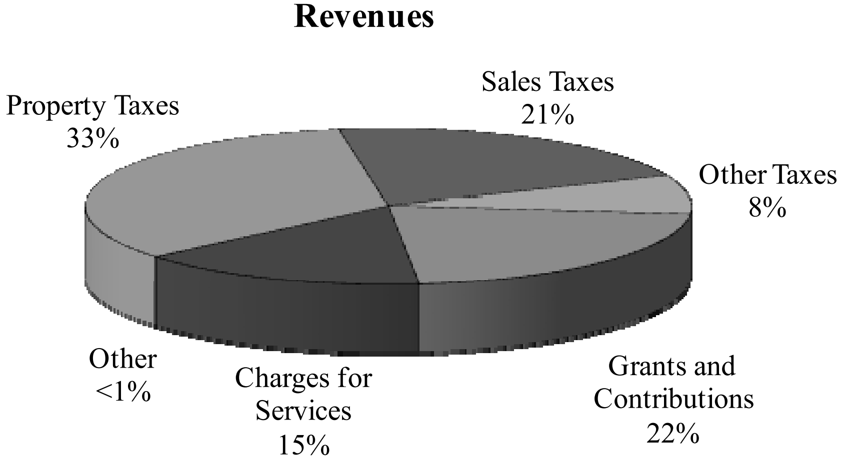
Summary of Changes in Net Position
($thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	$ 25,434	$ 34,605	$ 134,404	$ 132,282	$ 159,838	$ 166,887
Operating grants and contributions	27,406	30,155	18,595	18,727	46,001	48,882
Capital grants and contributions	8,314	16,598	967	1,002	9,281	17,600
General revenues:						
Taxes	103,286	114,133	-	-	103,286	114,133
Interest on investments	(21)	1,354	2,445	3,169	2,424	4,523
Sale of capital assets	119	58	-	-	119	58
Total revenues	**164,538**	**196,903**	**156,411**	**155,180**	**320,949**	**352,083**
Expenses:						
General government	18,129	18,681	-	-	18,129	18,681
Public safety	103,079	98,603	-	-	103,079	98,603
Transportation	10,332	11,031	-	-	10,332	11,031
Community development	21,162	33,705	-	-	21,162	33,705
Culture and leisure	19,335	18,859	-	-	19,335	18,859
Libraries	4,917	5,203	-	-	4,917	5,203
Interest on long-term debt	2,973	3,533	-	-	2,973	3,533
Water	-	-	44,763	37,910	44,763	37,910
Wastewater	-	-	34,397	29,078	34,397	29,078
Environmental Resource	-	-	40,601	41,582	40,601	41,582
Performing Arts and Convention Center	-	-	1,534	1,587	1,534	1,587
Oxnard Housing Authority	-	-	25,397	24,399	25,397	24,399
Municipal Golf Course	-	-	6,150	6,049	6,150	6,049
Total expenses	**179,927**	**189,615**	**152,842**	**140,605**	**332,769**	**330,220**
Change in Net Assets before Transfers	(15,389)	7,288	3,569	14,575	(11,820)	21,863
Transfers	(2,166)	(2,184)	2,166	2,184	-	-
Extraordinary loss	-	(65,066)	-	-	-	(65,066)
Contributions to other government	-	(15)	-	-	-	(15)
Changes in net assets	**(17,555)**	**(59,977)**	**5,735**	**16,759**	**(11,820)**	**(43,218)**
Net Position - July 1	1,463,646	1,525,815	332,611	327,274	1,796,257	1,853,089
Prior Period Adjustment	12,230	(2,192)	(1,874)	(11,421)	10,356	(13,613)
Net Position - June 30	**$ 1,458,321**	**$ 1,463,646**	**$ 336,472**	**$ 332,612**	**$ 1,794,793**	**$ 1,796,258**

Governmental revenue reductions of $32.4 million included $11.6 million previously collected by the Community Development Commission (CDC) during the first six months of fiscal year 2012. The remainder of the decrease was primarily grants and development related fees and permits. At the same time, governmental expenses decrease $9.7 million again primarily due to the dissolution of the CDC. Prior period adjustments included the recognition of loans to the former Community Development Commission as well as amounts owed by the Housing Authority related to workers compensation to Governmental Activities.

Governmental Activities. The net position of governmental activities decreased by $5.3 million during the fiscal year as reductions in revenues were partially offset by reduced expenditures and prior period adjustments. In addition, the following changes occurred:

- Taxes, which make up the largest source of governmental revenues at 62%, decreased $10.8 million largely due to the dissolution of the CDC. Sales taxes decreased $2.3 million due to a timing issue at the State for the Measure O ½ cent sales tax that resulted in a higher accrual to the prior fiscal year. Business licenses decreased $1.6 million due to a timing change in collections which result in an increase to prior year collections by the same amount.
- Charges for services, which include various building permits and other development related fees as well as user fees make up 15% of governmental revenues. Decreases of $9.2 million included $7 million from development related fees and permits. Miscellaneous charges for services decreased $2 million due to a one-time reimbursement in the prior year.
- Grants and contributions for both capital and operating purposes make up 22% of revenues with other minor revenues making up less than 1%. Grants decreased $11 million primarily due to the completion of major grant funded projects.

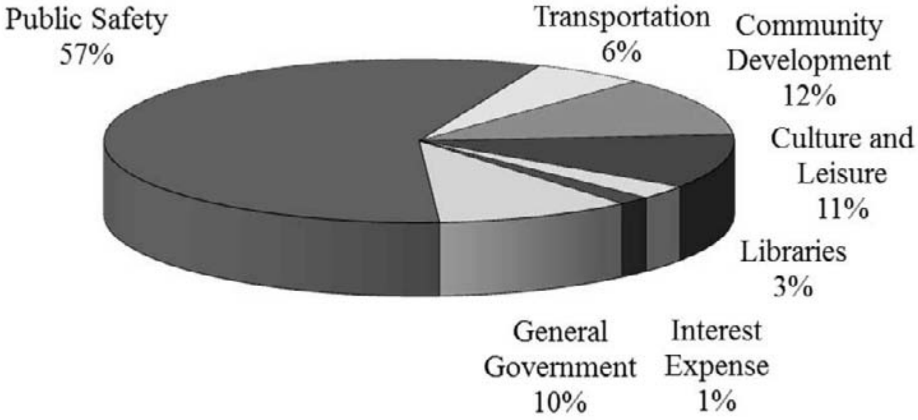


Of the $179.9 million in total governmental expenses, 89% supports programs that provide direct services to the community.

- At 57%, Public Safety, which includes Police and Fire, receives the largest share of governmental revenues, increasing $4.5 million due to higher personnel costs and grant funding.
- Other service programs include Community Development (excluding CDC) at 12%, Culture and Leisure at 11%, Transportation at 6%, and Library at 3%. Community Development decreased $12.5 million primarily related to the dissolution of the CDC.
- The remaining 11% includes General Government, which decreased $0.5 million and Interest Expenses, which decreased $0.6 million.

Total expenses increased $9.7 million.

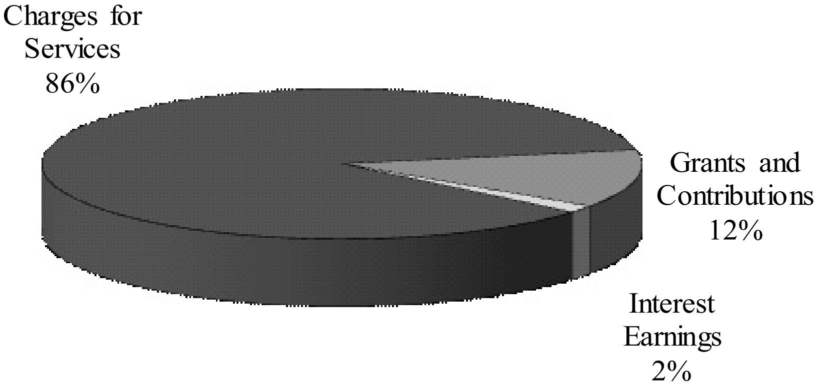
Expenses



Business-type Activities. Business-type activities increased the City's net position by $3.9 million after a $1.9 million reduction for prior period adjustments.

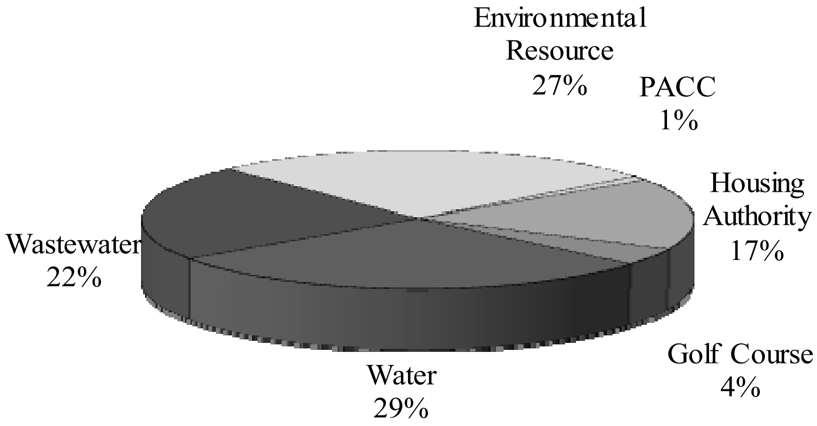
- Charges for services, which make up 86% of business-type revenues, increased $2.1 million. Higher revenues from rate payers were partially offset by lower developer related fees in Waste Water and lower recycling revenues in Environmental Resources.
- Other revenues including Grants and interest earning were down $0.9 million.

Revenues



- Business-type activity expenses increased $12.2 million. Water acquisition costs increased approximately $3 million while depreciation expenses increased $5 million for the various utility funds. Housing expenditures increased $1 million due primarily to emergency repairs and maintenance in various housing complexes.

Expenses



Financial Analysis of the Government's Funds

As discussed earlier, the City uses fund accounting to comply with finance-related legal requirements; however, governmental funds use a modified accrual basis of accounting, while proprietary funds generally follow full accrual. Major funds are reported separately.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows and outflows and balances of spendable resources. At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of $82.1 million, a decrease of $15.4 million from the prior year. The following table summarizes the government funds balance sheet.

Governmental Funds Balance Sheet Summary
($ thousands)

	General Fund		Other Governmental		Total	
	2013	2012	2013	2012	2013	2012
Assets	$ 43,569	$ 41,714	83,561	102,192	$ 127,130	$ 143,906
Liabilities and Fund Balance						
Liabilities	11,354	7,954	33,703	38,455	45,057	46,409
Fund Balances						
Nonspendable	4,714	-	3,305	-	8,019	-
Restricted	1,483	-	27,237	18,707	28,720	18,707
Assigned	14,658	18,094	4,457	51,416	19,115	69,510
Unassigned	11,360	15,666	14,859	(6,386)	26,219	9,280
Total fund balances	32,215	33,760	49,858	63,737	82,073	97,497
Total Liabilities and Fund Balance	**$ 43,569**	**$ 41,714**	**$ 83,561**	**$ 102,192**	**$ 127,130**	**$ 143,906**

The fund balance of the combined governmental funds is made up of the following:

- $8.0 million of non-spendable balances related to loans made to the former CDC and Housing Successor loans for low-moderate income housing projects.
- $28.7 million is restricted primarily for public safety retiree medical funds ($5.4 million), developments ($16.2 million) and repayment of debt ($5.6 million).
- $19.1 million is assigned for Measure O programming ($14.7 million), capital projects ($4.4 million), and the remainder for other purposes related to developer fees.
- $26.2 million is unassigned including $11.4 million in the general fund.

The major governmental funds are the General Fund and State and Federal Grant Fund.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, the fund balance of the General Fund was $32.2 million. The unassigned fund balance of the General Fund was $11.4 million, which is 10% of general fund operating expenditures (excluding Measure O activities).

The following table summarizes the revenues, expenditures and changes in fund balances for governmental funds.

Statement of Revenues, Expenditures and Changes in Fund Balances
($thousands)

	General Fund		Other Governmental		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Taxes	$ 89,360	$ 90,974	$ 13,926	$ 23,159	$ 103,286	$ 114,133
Other Revenues	27,612	29,126	38,121	49,009	65,733	78,135
Total revenues	**116,972**	**120,100**	**52,047**	**72,168**	**169,019**	**192,268**
Expenditures						
Current	108,495	104,678	45,242	46,330	153,737	151,008
Capital outlay	7,199	9,818	26,698	37,050	33,897	46,868
Debt service	-	-	12,635	8,425	12,635	8,425
Total expenditures	**115,694**	**114,496**	**84,575**	**91,805**	**200,269**	**206,301**
Excess of revenues over (under) expenditures	**1,278**	**5,604**	**(32,528)**	**(19,637)**	**(31,250)**	**(14,033)**
Other Financing Sources (Uses)						
Proceeds from sale of bonds	-	-	6,851	3,680	6,851	3,680
Net Transfers	(5,292)	(4,965)	3,126	2,781	(2,166)	(2,184)
Total other financing sources (uses)	**(5,292)**	**(4,965)**	**9,977**	**6,461**	**4,685**	**1,496**
Special Items	**-**	**-**	-	(48,876)	**-**	**(48,876)**
Net change in fund balances	**(4,014)**	**639**	**(22,551)**	**(62,052)**	**(26,565)**	**(61,413)**
Fund balances, July 1	33,760	33,121	63,737	125,789	97,497	158,910
Prior period adjustment	2,469	-	8,672	-	11,141	-
Fund balances, June 30	**$ 32,215**	**$ 33,760**	**$ 49,858**	**$ 63,737**	**$ 82,073**	**$ 97,497**

General fund operating revenues exceeded expenditures by $1.3 million. Total operating revenues decreased $3.1 million due to a timing issue at the State for the Measure O ½ cent sales tax that resulted in a higher accrual to the prior fiscal year. General fund expenditures reflected a net increase of $1.2 million, half of which was related to Measure O projects.

- Taxes decreased $1.6 million; however, net of the $3.2 million decrease in the Measure O ½ cent sales tax, taxes increased $1.6 million. These increases reflected a local economy in a modest recovery. Increases include $1.2 million in property taxes in part due to distribution of RPTTF funds, $0.8 million in sales taxes (excluding Measure O). Other taxes had a combined increase of $1 million with the exception of business license fees which decreased $1.6 million due to a timing change in collections. Other revenues decreased $1.6 million due to prior year one-time reimbursements.
- Excluding an $0.6 million increase in the expenditure of Measure O funds, primarily in capital outlays, general fund expenditures increased $0.6 million as the City continued its efforts to control costs.

- Net transfers decreased $0.3 million primarily the result of a modest increase in transfers to the debt service fund.

For other governmental funds, revenues decreased $20.1 million as follows:

- $11.6 million decrease for revenue previously collected by the Community Development Commission (CDC) during the first six months of fiscal year 2012,
- $7 million decrease in Development fees due to reduced activity compared to a strong year in 2012,
- $1.5 million in grant receipts and other non-major funds.

Other Governmental fund expenditures decreased $7.2 million due to lower grant expenditures ($7.5 million) and CDC-SA expenditures during the first six months of FY 2012 which were partially offset by increases in the use of Developer Fees on eligible projects.

Fund balances decreased $15.0 million primarily due to the use of developer fees collected in prior years as well as the capital outlay fund on eligible projects.

Proprietary Funds. The City's proprietary funds use the same focus and basis of accounting as the government-wide financial statements. Proprietary fund statements provide additional detail not found in the government-wide statements. The City's enterprise utilities consist of Water, Wastewater, and Environmental Resources. Cultural and recreation activities include the River Ridge Golf Course and the Performing Arts and Convention Center (PACC). The Oxnard Housing Authority is also included in this category.

The enterprise utilities ended the fiscal year with combined unrestricted net position of $34.1 million, a decrease of $12.4 million. The net position increased $7.2 million due to improved revenues combined with limited growth in the cost of providing services less $0.8 million for a prior period adjustment.

- Enterprise utilities operating revenues increased $2.1 million. Higher revenues from rate payers were partially offset by lower developer related fees in Waste Water and lower recycling revenues in Environmental Resources as well as lower grant receipts and interest earnings.
- Enterprise utilities operating expenses increased $5.7 million including $3 million in water acquisition costs and $2.1 million in payments to wastewater for desalter discharges.

The net position of cultural and recreational activities continued to decline. While the PACC experienced a moderate decline, the golf course fund decreased $0.7 million as the growth in contractual and utility costs continued to grow, while revenues continued to be impacted by a highly competitive environment.

The net position of the Housing Authority decreased $1.7 million. Housing expenditures increased $1 million due primarily to emergency repairs and maintenance in various housing complexes. In addition a prior period adjustment of $1.1 million was made for worker's compensation requirements.

Internal service fund balances decreased $2.3 million due to a jump in insurance related costs and payments partially offset by the $1.1 million prior period adjustment to workers compensation.

General Fund Budgetary Highlights

Revenues were $2.9 million lower than budget and expenditures were $8.1 million under final budget amounts as indicated in the following table.

General Fund Budgetary Summary
($thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 88,912	$ 88,912	$ 89,360	$ 448
Other Revenues	30,973	30,973	27,613	(3,360)
Total revenues	**119,885**	**119,885**	**116,973**	**(2,912)**
Expenditures				
Current	108,707	111,888	108,495	(3,393)
Capital outlay	775	11,867	7,199	(4,668)
Total expenditures	**109,482**	**123,755**	**115,694**	**(8,061)**
Excess of revenues over (under) expenditures	10,403	(3,870)	1,279	5,149
Other Financing Sources (Uses)				
Net Transfers	(5,392)	(5,493)	(5,292)	201
Total other financing sources (uses)	**(5,392)**	**(5,493)**	**(5,292)**	**201**
Net change in fund balances	**$ 5,011**	**$ (9,363)**	**$ (4,013)**	**$ 5,350**

Revenue budgets were not adjusted during the fiscal year. Measure O ½ cent sales tax revenues were lower by $0.9 million due to a timing issue at the State. Excluding Measure O, taxes were $1.3 million higher than budget, primarily due to the distribution of RPTTF revenues in excess of budget. Other revenues were lower due to charges for services primarily in support of projects as well as development related fees and interest earnings.

General Fund appropriations were increased $14.3 million from the original budget of $109.5 million (excluding transfers) and actual expenditures were $8.1 million lower than the final budget. The change in budget was from the appropriation of Measure O projects not completed in the prior year. Actual expenditure variances from final budgets were primarily related to Measure O projects and programs that crossed fiscal years and not expended in 2013.

Capital Assets and Debt Administration

Capital assets. The City's investments in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2013, were $1.5 billion and $0.6 billion respectively. Governmental capital assets increased $13.4 million due to continuing construction of major infrastructure projects such as the Rice-101 interchange. Business-type assets increased $3.5 million, primarily related to the GREAT program projects such as the Advanced Water Purification Facility and Recycled Water Backbone. More detailed information about the City's capital assets activity is presented in Note II-E to the financial statements, beginning on page 56.

Capital Assets
Net of Accumulated Depreciation
($thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 988,371	$ 988,370	$ 47,730	$ 47,730	$ 1,036,101	$ 1,036,100
Buildings	66,095	68,039	34,721	36,120	100,816	104,159
Other improvements	75,686	78,015	22,482	22,952	98,168	100,967
Machinery and equipment	7,211	7,548	2,117	2,508	9,328	10,056
Infrastructure	232,242	246,131	374,001	386,413	606,243	632,544
Construction in progress	103,160	71,239	134,591	116,422	237,751	187,661
Total	**$1,472,765**	**$1,459,342**	**$ 615,642**	**$ 612,145**	**$2,088,407**	**$2,071,487**

Long-term debt. The City uses a variety of revenue bonds and lease indebtedness to finance various capital acquisitions. As of June 30, 2013, the City's long-term debt outstanding was $434.3 million, a decrease of $14.1 million. Of this total, $70.3 million was in governmental activities and $364 million was in business-type activities. More detailed information about the City's long-term liabilities is presented in Note II-F to the financial statements, beginning on page 57. The following provides a breakdown of the City's outstanding indebtedness adjusted for unamortized premiums, discounts and gains or losses on refundings (excludes compensated absences):

Outstanding Debt
($thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue Bonds	34,147	35,782	361,374	372,359	395,521	408,141
Capital Leases	11,101	5,665	2,621	2,963	13,722	8,628
Certificates of Participation	25,081	31,705	-	-	25,081	31,705
Total	**$ 70,329**	**$ 73,152**	**$363,995**	**$ 375,322**	**$ 434,324**	**$ 448,474**

Revenue bonds are used to finance projects for public parking, civic center, water, wastewater, environmental resources, and public housing. Debt service on these issues is paid from the revenues of the appropriate enterprise funds, the general fund, and other governmental funds. Water are rated "A+"; however Wastewater revenue bonds were recently downgraded to

“BBB+” and Solid Waste revenue bonds to “A-“ by S&P, while the other revenue bonds are “A” rated.

The total outstanding debt is limited by statute to 15% of assessed valuation, or $2.32 billion.

Economic Factors and Next Year’s Budgets and Rates

Oxnard’s diverse economy continues to support moderate growth in City revenues. The unemployment rate continues to trend down below 11% compared to just below 12% a year ago. In addition, housing prices continue to recover, which should support stable if not higher property tax revenues. Federal budget issues continue to be a concern and sequestration has and will continue to impact certain federal revenue streams as well as the economy as a whole.

The fiscal year 2014 budget was developed based on modest economic growth. Taxes were budgeted based on FY 2013 trends. In FY 2013, City Council approved utility rate increases to address maintenance needs and to improve the financial viability of the wastewater fund as a first step to improving bond ratings. Dissolution of the CDC-SA continues to be a challenge and the general fund budget included funding to cover administration costs in excess of amounts allowed by the State Department of Finance (DOF). The DOF issued its final findings on the Low-Moderate Income House Fund and Other Funds due diligence reviews as well as the certificate of completion that allow the CDC-SA to develop the Long Range Property Management Plan.

Contacting the City’s Financial Management

This Management’s Discussion and Analysis is designed to provide the City’s residents, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability. If you have questions about this document, separate reports of the City’s component units, or wish additional financial information, contact the Office of the Chief Financial Officer at 300 West Third Street, Oxnard, California, 93030.

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BASIC FINANCIAL STATEMENTS

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City of Oxnard, California
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 75,192,836	$ 47,387,815	$ 122,580,651
Investments with fiscal agents	7,321,887	33,372,151	40,694,038
Accounts and other receivables (net of allowance for uncollectibles)	24,105,173	19,645,716	43,750,889
Notes receivable	2,700,000	1,216,810	3,916,810
Internal balances	4,305,091	(4,305,091)	-
Due from other government	8,688,772	-	8,688,772
Due from Successor Agency	9,531,095	-	9,531,095
Properties held for resale	104,736	-	104,736
Other assets	145,597	261,359	406,956
Capital assets not being depreciated:			
Land	988,370,375	47,730,214	1,036,100,589
Construction in progress	103,160,331	134,590,658	237,750,989
Capital assets, net of accumulated depreciation:			
Buildings	66,094,968	34,721,087	100,816,055
Other improvements	75,685,936	22,482,376	98,168,312
Machinery and equipment	7,211,259	2,117,069	9,328,328
Infrastructure	232,241,735	374,001,240	606,242,975
Total assets	1,604,859,791	713,221,404	2,318,081,195
Deferred outflow of resources			
Derivatives instrument-swap agreement	5,919,638	3,912,168	9,831,806
Total deferred outflow of resources	5,919,638	3,912,168	9,831,806
Liabilities			
Current liabilities:			
Accounts payable	13,773,847	5,277,040	19,050,887
Other liabilities	9,425,700	2,956,091	12,381,791
Unearned revenues	11,989,040	-	11,989,040
Self insurance claims - due within one year	6,548,080	-	6,548,080
Compensated absences payable - current	9,319,000	1,407,268	10,726,268
Bonds and capital leases	3,759,050	11,933,879	15,692,929
Early retirement incentive payable	824,485	-	824,485
Noncurrent liabilities:			
Interest rate swap liability	5,919,638	3,912,168	9,831,806
Notes payable	-	269,710	269,710
Self insurance claims	8,119,713	-	8,119,713
Compensated absences payable	8,376,451	1,343,229	9,719,680
Post employment retirement payable	6,647,207	1,501,269	8,148,476
Early retirement incentive payable	1,186,582	-	1,186,582
Bonds and capital leases	66,570,241	352,060,656	418,630,897
Total liabilities	152,459,034	380,661,310	533,120,344
Net position			
Net investment in capital assets	1,407,060,810	285,475,430	1,692,536,240
Restricted for:			
Debt service	5,368,684	16,059,396	21,428,080
Housing	-	518,502	518,502
Public safety retirement	5,640,104	-	5,640,104
Developments	16,228,731	-	16,228,731
Other purposes	1,482,872	-	1,482,872
Unrestricted	22,539,194	34,418,934	56,958,128
Total net position	$ 1,458,320,395	$ 336,472,262	$ 1,794,792,657

City of Oxnard, California
Statement of Activities
For the Year Ended June 30, 2013

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets Primary Government		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
FUNCTIONS/PROGRAMS							
Primary government:							
Governmental activities:							
General government	$ 18,129,124	$ 8,408,578	$ 16,091,552	$ 2,059,058	$ 8,430,064	$ -	$ 8,430,064
Public safety	103,079,427	4,460,425	2,271,484	1,473,706	(94,873,812)	-	(94,873,812)
Transportation	10,331,822	3,152,660	4,692,651	4,750,994	2,264,483	-	2,264,483
Community development	21,162,624	4,316,880	4,350,737	-	(12,495,007)	-	(12,495,007)
Culture and leisure	19,334,566	4,667,879	-	30,000	(14,636,687)	-	(14,636,687)
Libraries	4,916,628	427,152	-	-	(4,489,476)	-	(4,489,476)
Interest on long-term debt	2,973,016	-	-	-	(2,973,016)	-	(2,973,016)
Total governmental activities	179,927,207	25,433,574	27,406,424	8,313,758	(118,773,451)	-	(118,773,451)
Business-type activities:							
Water	44,762,850	51,056,102	-	-	-	6,293,252	6,293,252
Wastewater	34,396,819	30,998,260	-	-	-	(3,398,559)	(3,398,559)
Environmental resource	40,601,250	42,535,271	-	-	-	1,934,021	1,934,021
Performing arts and convention center	1,534,353	483,778	-	-	-	(1,050,575)	(1,050,575)
Oxnard Housing Authority	25,397,453	5,173,132	18,595,158	966,935	-	(662,228)	(662,228)
Municipal golf course	6,150,325	4,157,668	-	-	-	(1,992,657)	(1,992,657)
Total business-type activities	**152,843,050**	**134,404,211**	**18,595,158**	**966,935**	**-**	**1,123,254**	**1,123,254**
Total primary government	**332,770,257**	**159,837,785**	**46,001,582**	**9,280,693**	**(118,773,451)**	**1,123,254**	**(117,650,197)**

	Governmental Activities	Business-type Activities	Total
General revenues:			
Taxes:			
Property tax	55,148,254	-	55,148,254
Sales tax	35,156,013	-	35,156,013
Transient occupancy tax	3,826,954	-	3,826,954
Franchise tax	3,842,351	-	3,842,351
Deed transfer tax	628,780	-	628,780
Business license tax	4,562,692	-	4,562,692
Penalties and interest	121,064	-	121,064
Interest on investments	(21,216)	2,445,183	2,423,967
Sale of capital assets	119,184	-	119,184
Transfers	(2,166,145)	2,166,145	-
Total general revenues and transfers	101,217,931	4,611,328	105,829,259
Change in net assets	(17,555,520)	5,734,582	(11,820,938)
Net position - July 1	**1,463,646,173**	**332,611,235**	**1,796,257,408**
Prior period adjustment	**12,229,742**	**(1,873,555)**	**10,356,187**
Net position - June 30	**$ 1,458,320,395**	**$ 336,472,262**	**$ 1,794,792,657**

City of Oxnard,California
Balance Sheet
Governmental Funds
June 30, 2013

	General	State & Federal Grants	Non Major	Total Governmental
ASSETS				
Cash and cash equivalents	$ 15,092,682	$ -	$ 44,107,892	$ 59,200,574
Investments with fiscal agents	-	-	7,321,887	7,321,887
Accounts and other receivables	2,265,165	16,057,064	5,752,882	24,075,111
Notes receivable	-	-	2,700,000	2,700,000
Due from other funds	10,141,052	-	5,254,727	15,395,779
Due from Successor Agency	7,624,876	-	1,906,219	9,531,095
Due from other government	8,332,752	-	356,020	8,688,772
Properties held for resale	-	-	104,736	104,736
Other assets	112,697	-	-	112,697
Total assets	**$ 43,569,224**	**$ 16,057,064**	**$ 67,504,363**	**$ 127,130,651**
LIABILITIES				
Liabilities:				
Accounts payable	4,152,943	6,472,356	2,342,371	12,967,670
Other liabilities	3,813,978	45,806	735,306	4,595,090
Due to other funds	-	12,081,819	177,350	12,259,169
Deferred revenues	3,387,258	3,270,102	8,577,981	15,235,341
Total liabilities	11,354,179	21,870,083	11,833,008	45,057,270
Fund balances				
Nonspendable:				
Property held for resale	-	-	104,736	104,736
Prepayments	112,697	-	-	112,697
Long-term receivable	4,601,506	-	3,200,377	7,801,883
Restricted for:				
Debt service	-	-	5,368,684	5,368,684
Other purposes	1,482,872	-	-	1,482,872
Developments	-	-	16,228,731	16,228,731
Public safety retirement	-	-	5,640,104	5,640,104
Assigned to:				
Capital projects	-	-	4,456,543	4,456,543
Measure "O" service enhancement	14,658,123	-	-	14,658,123
Unassigned:	11,359,847	(5,813,019)	20,672,180	26,219,008
Total fund balances	**32,215,045**	**(5,813,019)**	**55,671,355**	**82,073,381**
Total liabilities and fund balances	**$ 43,569,224**	**$ 16,057,064**	**$ 67,504,363**	**$ 127,130,651**

City of Oxnard, California
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013

Fund balances of governmental funds	$	82,073,381
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $1,842,397,154 net of accumulated depreciation of ($372,601,004) are not financial resources and, therefore, are not reported in the funds.		1,469,796,150
Long term liabilities, claims and compensated absences have not been included in the governmental fund activity:		
Long-term liabilities of $70,509,643 net of unamortized discount ($253,972)		(70,255,671)
Self insurance claims		(14,667,793)
Compensated absences		(16,729,639)
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds		(566,649)
Other post employment liability, other long term liability, not due and payable in the current period		(8,156,087)
Grants receivable that were not received within the availability period were recorded as deferred revenue in the governmental funds		3,246,301
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, facilities and equipment maintenance. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets		13,580,402
Net Position of governmental activities	**$**	**1,458,320,395**

City of Oxnard
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	State & Federal Grants	Non Major	Total Governmental
REVENUES				
Taxes	$ 89,360,382	$ -	$ 13,925,726	$ 103,286,108
Licenses and permits	1,862,813	-	839,489	2,702,302
Intergovernmental	13,127,768	15,950,090	9,662,759	38,740,617
Growth and development fees	-	-	1,828,294	1,828,294
Charges for services	8,710,647	-	464,665	9,175,312
Fines and forfeitures	487,297	196,546	293,255	977,098
Interest on investments	15,104	16,057	(52,377)	(21,216)
Special assessments	-	-	7,971,903	7,971,903
Rental income	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	3,408,890	284,837	665,370	4,359,097
Total revenues	**116,972,901**	**16,447,530**	**35,599,084**	**169,019,515**
EXPENDITURES				
Current:				
General government	10,114,846	1,758	322,348	10,438,952
Public safety	68,591,284	3,144,071	19,455,318	91,190,673
Transportation	4,032,023	35	5,627,205	9,659,263
Community Development	9,079,931	3,237,289	8,016,371	20,333,591
Culture and leisure	12,371,602	206,529	5,201,802	17,779,933
Library Services	4,305,466	29,525	-	4,334,991
Capital outlay	7,198,960	9,418,671	17,279,581	33,897,212
Debt service:				
Principal	-	-	3,451,261	3,451,261
Bond issuance cost	-	-	45,002	45,002
Interest and fiscal charges	-	-	2,941,600	2,941,600
Total expenditures	**115,694,112**	**16,037,878**	**62,340,488**	**194,072,478**
Excess of revenues over (under) expenditures	1,278,789	409,652	(26,741,404)	(25,052,963)
OTHER FINANCING SOURCES(USES)				
Issuance of debt	-	-	6,802,986	6,802,986
Bond premium	-	-	48,238	48,238
Payment to refunded debt escrow agent	-	-	(6,197,285)	(6,197,285)
Transfers in	132,580	100,885	5,635,663	5,869,128
Transfers out	(5,424,980)	-	(2,610,293)	(8,035,273)
Total other financing sources (uses)	**(5,292,400)**	**100,885**	**3,679,309**	**(1,512,206)**
Net change in fund balances	(4,013,611)	510,537	(23,062,095)	(26,565,169)
Fund balances, July 1	33,760,051	(6,386,154)	70,123,392	97,497,289
Prior period adjustment	2,468,605	62,598	8,610,058	11,141,261
Fund balances, June 30	**$ 32,215,045**	**$ (5,813,019)**	**$ 55,671,355**	**$ 82,073,381**

City of Oxnard, California
Reconciliation of the Change in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ (26,565,169)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays $33,897,212 exceeded depreciation expense ($20,253,507) in the current period.	13,643,705
In the statement of activities, the loss on disposal of assets is reported whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by the cost of the assets disposed $289,328 net of accumulated depreciation ($266,321)	(23,007)
Some expenses reported in the statement of activities do not require the use of financial resources and are not reported as expenditures in governmental funds. These include the decrease in accrued interest $16,141 net increase in compensated absences ($91,623) and other post employment benefits ($227,526).	(303,008)
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments of $9,648,546 exceeded bond proceeds of ($6,802,986) and bond discount ($50,793).	2,794,767
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(4,458,676)
Net expenditures of internal service funds of $3,417,516 is reported with governmental activities, $773,384 allocated to business-type activities.	(2,644,132)
Change in net position of governmental activities (page 20)	**$ (17,555,520)**

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City of Oxnard, California
Statement of Net Position
Proprietary Funds
June 30, 2013

	Water	Wastewater	Environmental Resource	Performing Arts and Convention Center
Assets				
Current assets:				
Cash and cash equivalents	$ 28,090,143	$ 8,965,061	$ 3,273,496	$ 35,000
Cash with fiscal agent	29,974,480	8,744	2,570,905	-
Accounts and other receivable (net of allow for unc)	8,750,996	4,677,538	6,037,722	1,374
Due from other funds	87,178	-	64,943	-
Notes receivable	-	-	-	-
Other assets	-	-	99,662	-
Total currents assets	66,902,797	13,651,343	12,046,728	36,374
Noncurrent assets:				
Notes receivable	-	1,198,800	-	-
Advances to other funds	10,461,204	-	-	-
Capital assets:				
Land	3,883,110	3,145,160	3,851,164	-
Buildings	14,517,008	6,582,587	22,859,740	-
Improvements	-	-	-	-
Machinery and equipment	3,103,446	18,322,504	21,564,790	15,370
Construction in progress	129,757,815	403,142	3,295,487	-
Infrastructure	185,179,466	345,910,640	3,586,781	42,615
Less accumulated depreciation	(65,178,273)	(124,794,590)	(29,631,151)	(21,473)
Total capital assets (net of accum depr)	271,262,572	249,569,443	25,526,811	36,512
Total noncurrent assets	281,723,776	250,768,243	25,526,811	36,512
Total assets	348,626,573	264,419,586	37,573,539	72,886
Deferred outflow of resources				
Derivatives instrument-swap agreement	-	3,912,168	-	-
Total deferred outflow of resources	-	3,912,168	-	-
Liabilities				
Current liabilities:				
Accounts payable	5,269,527	794,778	2,393,777	102,775
Other liabilities	1,632,264	705,857	374,048	4,743
Due to other funds	-	-	-	1,614,009
Compensated absences payable - current	295,000	493,000	535,000	50,000
Self insurance claims - due within one year	-	-	-	-
Revenue bonds and capital leases payable-current	3,858,360	3,891,902	2,681,395	-
Total current liabilities	11,055,151	5,885,537	5,984,220	1,771,527
Noncurrent liabilities:				
Interest rate swap liability	-	3,912,168	-	-
Revenue bonds, net of current portion and discount	191,877,170	127,881,217	4,070,784	-
Compensated absences payable	269,900	140,397	313,947	51,115
Advances from other funds	-	1,671,260	7,441,667	-
Notes payable	-	-	-	-
Self insurance claims	-	-	-	-
Capital leases payable	69,868	313,547	1,710,521	-
Deferred revenue	-	-	-	-
Post employment retirement payable	269,957	436,025	440,324	12,786
Total noncurrent liabilities	192,486,895	134,354,614	13,977,243	63,901
Total liabilities	203,542,046	140,240,151	19,961,463	1,835,428
Net Position				
Net investment in capital assets	103,820,986	117,482,777	19,294,373	36,512
Restricted for housing	-	-	-	-
Restricted for debt service	13,928,796	-	2,130,600	-
Unrestricted	27,334,745	10,608,826	(3,812,897)	(1,799,054)
Total net position	**$ 145,084,527**	**$ 128,091,603**	**$ 17,612,076**	**$ (1,762,542)**

City of Oxnard, California
Statement of Net Position
Proprietary Funds
June 30, 2013

Oxnard Housing Authority	Municipal Golf Course	Totals Current Year	Governmental Activities- Internal Service Funds	
				Assets
				Current assets:
$ 7,024,115	$ -	$ 47,387,815	$ 15,992,262	Cash and cash equivalents
818,020	2	33,372,151	-	Cash with fiscal agent
178,086	-	19,645,716	30,062	Accounts and other receivable (net of allow for unc)
	-	152,121	-	Due from other funds
18,010	-	18,010	-	Notes receivable
161,697	-	261,359	32,900	Other assets
8,199,928	2	100,837,172	16,055,224	Total currents assets
				Noncurrent assets:
	-	1,198,800	-	Notes receivable
	-	10,461,204	1,168,481	Advances to other funds
				Capital assets:
8,920,208	27,930,572	47,730,214	595,500	Land
42,647,696	3,926,962	90,533,993	-	Buildings
-	25,461,641	25,461,641	-	Improvements
1,946,263	13,950	44,966,323	3,643,354	Machinery and equipment
296,140	838,074	134,590,658	1,740,406	Construction in progress
-	-	534,719,502	-	Infrastructure
(38,024,701)	(4,709,499)	(262,359,687)	(3,010,806)	Less accumulated depreciation
15,785,606	53,461,700	615,642,644	2,968,454	Total capital assets (net of accum depr)
15,785,606	53,461,700	627,302,648	4,136,935	Total noncurrent assets
23,985,534	53,461,702	728,139,820	20,192,159	Total assets
				Deferred outflow of resources
-	-	3,912,168	-	Derivatives instrument-swap agreement
-	-	3,912,168	-	Total deferred outflow of resources
				Liabilities
				Current liabilities:
443,308	4,655	9,008,820	806,177	Accounts payable
181,421	57,758	2,956,091	209,746	Other liabilities
-	1,674,722	3,288,731	-	Due to other funds
34,268	-	1,407,268	649,000	Compensated absences payable - current
-	-	-	6,548,080	Self insurance claims - due within one year
270,000	1,232,222	11,933,879	28,808	Revenue bonds and capital leases payable-current
928,997	2,969,357	28,594,789	8,241,811	Total current liabilities
				Noncurrent liabilities:
-	-	3,912,168	-	Interest rate swap liability
3,495,000	22,642,549	349,966,720	-	Revenue bonds, net of current portion and discount
567,870	-	1,343,229	316,812	Compensated absences payable
1,168,481	1,348,277	11,629,685	-	Advances from other funds
269,710	-	269,710	-	Notes payable
-	-	-	8,119,713	Self insurance claims
-	-	2,093,936	44,812	Capital leases payable
-	-	-	-	Deferred revenue
342,177	-	1,501,269	502,187	Post employment retirement payable
5,843,238	23,990,826	370,716,717	8,983,524	Total noncurrent liabilities
6,772,235	26,960,183	399,311,506	17,225,335	Total liabilities
				Net Position
15,253,853	29,586,929	285,475,430	2,894,834	Net investment in capital assets
518,502	-	518,502	-	Restricted for housing
-	-	16,059,396	-	Restricted for debt service
1,440,944	(3,085,410)	30,687,154	71,990	Unrestricted
$ 17,213,299	**$ 26,501,519**	**$ 332,740,482**	**$ 2,966,824**	**Total net position**
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		3,731,780		
Net position of business-type activities		**$ 336,472,262**		

City of Oxnard, California
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For Fiscal Year Ended June 30, 2013

	Water	WasteWater	Environmental Resource	Performing Arts & Convention Center
Operating revenues:				
Charges for services	$ 49,714,083	$ 28,729,237	$ 42,229,122	$ 465,734
Connection Fees	1,187,998	1,572,676	48,472	-
Miscellaneous and reimbursements	154,021	696,347	257,677	18,044
Total operating revenues	**51,056,102**	**30,998,260**	**42,535,271**	**483,778**
Operating expenses:				
Salaries and wages	4,525,892	6,193,837	6,969,210	1,054,956
Contractual services	816,995	1,036,397	15,617,695	128,783
Operating supplies	22,828,694	1,807,367	535,283	361
Utilities	2,489,873	5,940,405	6,695,330	139,509
Depreciation & amortization	4,637,036	8,462,344	1,239,483	2,275
General and administrative	5,059,435	3,464,702	3,769,539	180,518
Repairs and maintenance	376,037	320,750	4,648,562	18,380
Claims expenses	-	-	-	-
Total operating expenses	**40,733,962**	**27,225,802**	**39,475,102**	**1,524,782**
Operating income (loss)	10,322,140	3,772,458	3,060,169	(1,041,004)
Nonoperating revenues (expenses):				
Intergovernmental	-	-	-	-
Interest on investments	2,250,295	47,455	133,323	-
Interest expense	(3,879,201)	(6,950,929)	(722,881)	(9,571)
Net nonoperating revenues (expenses)	(1,628,906)	(6,903,474)	(589,558)	(9,571)
Income (loss) before contributions and transfers	8,693,234	(3,131,016)	2,470,611	(1,050,575)
Capital contributions	-	-	-	-
Transfers in	-	-	-	905,160
Transfers out	-	-	(62,360)	-
Changes in net position	8,693,234	(3,131,016)	2,408,251	(145,415)
Net position - July 1	136,391,293	132,007,693	15,203,825	(1,617,127)
Prior period adjustment	-	(785,074)	-	-
Net position - June 30	**$ 145,084,527**	**$ 128,091,603**	**$ 17,612,076**	**$ (1,762,542)**

City of Oxnard, California
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For Fiscal Year Ended June 30, 2013

Oxnard Housing Authority	Municipal Golf Course	Totals Current Year	Governmental Activities- Internal Service Fund	
				Operating revenues:
$ 4,514,615	$ 4,128,427	$ 129,781,218	$ 26,647,221	Charges for services
-	-	2,809,146	-	Connection Fees
658,517	29,241	1,813,847	192,116	Miscellaneous and reimbursements
5,173,132	**4,157,668**	**134,404,211**	**26,839,337**	**Total operating revenues**
				Operating expenses:
3,128,031	66,261	21,938,187	8,851,060	Salaries and wages
49,912	3,986,485	21,636,267	990,035	Contractual services
16,362,445	-	41,534,150	5,258,501	Operating supplies
915,330	2,189	16,182,636	1,551,116	Utilities
1,191,149	590,588	16,122,875	260,740	Depreciation & amortization
1,528,447	192,973	14,195,614	2,730,323	General and administrative
2,044,089	33,945	7,441,763	1,399,617	Repairs and maintenance
	-	-	9,112,538	Claims expenses
25,219,403	**4,872,441**	**139,051,492**	**30,153,930**	**Total operating expenses**
(20,046,271)	(714,773)	(4,647,281)	(3,314,593)	Operating income (loss)
				Nonoperating revenues (expenses):
18,595,158	-	18,595,158	-	Intergovernmental
14,107	3	2,445,183	(100,226)	Interest on investments
(178,050)	(1,277,542)	(13,018,174)	(2,697)	Interest expense
18,431,215	(1,277,539)	8,022,167	(102,923)	Net nonoperating revenues (expenses)
(1,615,056)	(1,992,312)	3,374,886	(3,417,516)	Income (loss) before contributions and transfers
966,935	-	966,935	-	Capital contributions
	1,323,345	2,228,505	-	Transfers in
	-	(62,360)	-	Transfers out
(648,121)	(668,967)	6,507,966	(3,417,516)	Changes in net position
18,949,901	27,170,486		5,295,859	Net position - July 1
(1,088,481)	-		1,088,481	Prior period adjustment
$ 17,213,299	**$ 26,501,519**		**$ 2,966,824**	**Net position - June 30**
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		(773,384)		
Change in net position of business-type activities		**$ 5,734,582**		

City of Oxnard, California
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended 2013

	Water	Wastewater	Environmental Resource	Performing Arts and Convention Center
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers and users	48,874,157	30,390,742	42,331,025	484,740
Payments to suppliers	(29,686,463)	(12,413,743)	(30,965,030)	(417,917)
Payments to employees	(4,538,389)	(6,162,184)	(6,860,552)	(1,056,575)
Cash paid to claimants	-	-	-	-
Net cash provided(used) by operating activities	**14,649,305**	**11,814,815**	**4,505,443**	**(989,752)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to other funds	-	-	-	94,163
Due from other funds	(105)	-	(79)	-
Advances to other funds	393,922	-	-	-
Advances from other funds	-	(799,301)	(942,898)	-
Received from grants	-	-	-	-
Transfer from other funds	-	-	-	905,160
Transfer to other funds	-	-	(62,360)	-
Net cash provided (used) by capital and related financing activities	**393,817**	**(799,301)**	**(1,005,337)**	**999,323**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(10,445,098)	(478,267)	(295,724)	-
Received from grants	-	-	-	-
Principal paid on long-term debt	(3,479,490)	(3,709,555)	(2,729,777)	-
Interest and issuance cost paid on long-term debt	(10,524,675)	(6,882,148)	(763,442)	(9,571)
Proceeds from issuance of long-term debt	-	318,059	-	-
Net cash used in capital and related financing activities	**(24,449,263)**	**(10,751,911)**	**(3,788,943)**	**(9,571)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	2,250,295	47,455	133,323	-
Net cash provided by investing activities	**2,250,295**	**47,455**	**133,323**	**-**
Net increase (decrease) in cash and cash equivalents	(7,155,846)	311,058	(155,514)	-
Cash and cash equivalents, July 1	65,220,469	8,662,747	5,999,915	35,000
Cash and cash equivalents, June 30	$ 58,064,623	$ 8,973,805	$ 5,844,401	$ 35,000

City of Oxnard, California
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended 2013

Oxnard Housing Authority	Municipal Golf Course	Total	Governmental Activities- Internal Service Funds	
				CASH FLOW FROM OPERATING ACTIVITIES
5,341,764	4,157,668	131,580,096	26,879,735	Receipts from customers and users
(19,348,040)	(4,215,866)	(97,047,059)	(11,525,731)	Payments to suppliers
(4,596,332)	(66,261)	(23,280,293)	(8,765,280)	Payments to employees
-	-	-	(6,382,445)	Cash paid to claimants
(18,602,608)	**(124,459)**	**11,252,744**	**206,279**	**Net cash provided(used) by operating activities**
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
-	1,284,200	1,378,363	-	Due to other funds
-	-	(184)	-	Due from other funds
-	-	393,922	-	Advances to other funds
-	-	(1,742,199)	-	Advances from other funds
87,087	-	87,087	-	Received from grants
-	1,323,345	2,228,505	-	Transfer from other funds
-	-	(62,360)	-	Transfer to other funds
87,087	**2,607,545**	**2,283,134**	**-**	**Net cash provided (used) by capital and related financing activities**
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
(992,223)	(51,439)	(12,262,751)	(62,940)	Purchases of capital assets
19,412,305	-	19,412,305	-	Received from grants
(260,000)	(1,164,913)	(11,343,735)	(27,984)	Principal paid on long-term debt
(180,456)	(1,266,737)	(19,627,029)	(2,697)	Interest and issuance cost paid on long-term debt
-	-	318,059	-	Proceeds from issuance of long-term debt
17,979,626	**(2,483,089)**	**(23,503,151)**	**(93,621)**	**Net cash used in capital and related financing activities**
				CASH FLOWS FROM INVESTING ACTIVITIES
14,108	3	2,445,184	(100,226)	Interest on investments
14,108	**3**	**2,445,184**	**(100,226)**	**Net cash provided by investing activities**
(521,787)	-	(7,522,089)	12,432	Net increase (decrease) in cash and cash equivalents
8,363,922	2	88,282,055	15,979,830	**Cash and cash equivalents, July 1**
$ 7,842,135	$ 2	$ 80,759,966	$ 15,992,262	**Cash and cash equivalents, June 30**

City of Oxnard, California
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended 2013

	Water	Wastewater	Environmental Resource	Performing Arts and Convention Center
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	10,322,140	3,772,458	3,060,169	(1,041,004)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	4,637,036	8,462,344	1,239,483	2,275
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable and due from other funds	(2,181,945)	(607,518)	(204,246)	962
(Increase) decrease in other assets	-	-	-	-
Increase (decrease) in accounts payable	1,884,571	155,878	301,379	49,634
Increase (decrease) in other liabilities	-	-	-	-
Increase (decrease) in compensated absences & OPEB	(12,497)	31,653	108,658	(1,619)
Increase (decrease) in self-insurance liabilities	-	-	-	-
Net cash provided by (used) in operating activities	14,649,305	11,814,815	4,505,443	(989,752)

City of Oxnard, California
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended 2013

Oxnard Housing Authority	**Municipal Golf Course**	**Total**	**Governmental Activities-Internal Service Funds**	
				Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:
(20,046,271)	(714,773)	(4,647,281)	(3,314,593)	**Operating income (loss)**
				Adjustments to reconcile operating income (loss) to net cash provided by operating activities:
1,191,150	590,588	16,122,876	260,740	Depreciation and amortization
				Changes in assets and liabilities:
182,560	-	(2,810,187)	40,398	(Increase) decrease in accounts receivable and due from other funds
73,080	-	73,080	-	(Increase) decrease in other assets
116,725	(274)	2,507,913	403,861	Increase (decrease) in accounts payable
-	-	-	-	Increase (decrease) in other liabilities
(119,852)	-	6,343	85,780	Increase (decrease) in compensated absences & OPEB
-	-	-	2,730,093	Increase (decrease) in self-insurance liabilities
(18,602,608)	(124,459)	11,252,744	206,279	**Net cash provided by (used) in operating activities**

City of Oxnard, California
Statement of Fiduciary Net Position
June 30, 2013

	Oxnard Community Development Commission Successor Agency Private Purpose Trust Fund	Agency Fund
ASSETS:		
Cash and cash equivalents	$ 4,135,667	$ 4,949,353
Investment with fiscal agents	10,937,313	15,102,049
Accounts and other receivables	625,107	-
Notes receivable, net of uncollectible	639,884	-
Properties held for resale	6,963,050	-
Other Assets	1,004,149	-
Capital Assets:		
Land	1,221,289	-
Construction in progress	15,491,722	-
Building (net of depreciation)	459,601	-
Improvements other than building (net of depreciation)	38,516,214	-
Equipment and machinery (net of depreciation)	699	-
Total assets	**79,994,695**	**$ 20,051,402**
LIABILITIES;		
Accounts payable	1,578,893	$ 20,051,402
Due to City of Oxnard	9,531,095	
Due to other governments	1,557,689	-
Long-term debt:		
Due within one year	1,460,000	-
Due in more than one year	40,920,000	-
Total liabilities	**55,047,677**	**$ 20,051,402**
NET POSITION:		
Held in trust for Successor Agency	**$ 24,947,018**	

See independent auditors' report and notes to financial statements.

City of Oxnard, California
Statement of Changes in Fiduciary Net Position
For the Period ended June 30, 2013

		Oxnard Community Development Successor Agency Private Purpose Trust Fund
ADDITIONS:		
Taxes	$	17,747,916
Interest		291,469
Rental income		62,664
Miscellaneous		173,293
Total additions	**$**	**18,275,342**
DEDUCTIONS:		
Administrative Costs:		
Salaries and wages		697,554
Assessment district payment		141,136
Distribution to County of Ventura		15,724,978
Other administrative costs		916,023
Professional services		568,438
Depreciation		1,704,501
Capital Outlay:		
Project improvements		16,568,759
Debt service:		
Interest and fiscal charges		2,902,108
Total deductions		**39,223,497**
Change in net position		**(20,948,155)**
Net position - July 1, 2012		60,454,719
Prior period adjustment		(14,559,546)
Net position - June 30, 2013	**$**	**24,947,018**

See independent auditors' report and notes to financial statements.

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Oxnard, California (City) was incorporated as a general law city on June 30, 1903, and operates under the council-manager form of government. The City is governed by an elected Mayor and four Council members. Other elected positions include the City Clerk and City Treasurer. The accompanying basic financial statements present the financial position and results of operations of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City. Although these entities are legally separate, the City's elected officials have a continuing financial responsibility and accountability for fiscal matters of these other entities. Financial accountability includes the appointment of governing bodies, budget authority, approval of tax levies and responsibility for funding deficits.

Blended Component Units

City of Oxnard Financing Authority. The Oxnard Financing Authority (Authority) is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sales and may sell such bonds to public or private purchasers at public or negotiated sales. The Authority is controlled by the City and has the same governing body as the City. City staff perform all accounting and administrative functions of the Authority. The debt service of the Authority is included in the Golf Course Enterprise Fund, Environmental Resources Enterprise Fund, Water Enterprise Fund, Wastewater Enterprise Fund, and Debt Service Fund.

Housing Authority of the City of Oxnard. The Housing Authority of the City of Oxnard (the Housing Authority) was established in April, 1945 by ordinance of the City Council. The Housing Authority is a public entity which was organized under the laws of the State of California's Health and Safety Code for the purpose of providing safe, decent, and sanitary housing for qualified economically disadvantaged and elderly individuals in areas where a shortage of such housing exists. To accomplish this purpose, the Housing Authority entered into Annual Contributions Contracts with the U.S. Department of Housing and Urban Development (HUD) to operate assisted housing programs, such as Local Housing Authority Owned Housing, Section 8, and Modernization. The City Council and two tenant representatives serve as the governing board of the Housing Authority. The Housing Authority's operations have been included in the City's business-type activities in the accompanying government-wide financial statements. The Housing Authority prepares separate financial statements, which can be obtained from the Housing Authority's Financial Services Division.

B. New Pronouncement

GASB Statement No. 63 – In June 2011, the GASB issued Statement No. 63*, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.* This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement is for periods beginning after December 15, 2011. The City implements this Statement for its fiscal year 2012-2013 financial statements.

C. Financial Statements Presentation

In accordance with Governmental Accounting Standards Board Statement No. 34, the City's basic financial statements consist of the following:

- Government-wide financial statements;
- Fund financial statements; and
- Notes to the basic financial statements.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present financial information for the City as a whole, while distinguishing between governmental and business-type activities. Fiduciary activities of the City are not included in these statements.

Most of the City's basic services are considered to be governmental activities, including general government, public safety, transportation, community development, culture and leisure, and library services. Property tax, sales tax, transient occupancy tax, franchise tax, business license tax, and user fees and charges financially support these activities.

The City's enterprise operations are classified as business-type activities. These operations consist of water, wastewater, environmental resources, housing, the River Ridge Golf Course, and the Performing Arts and Convention Center (PACC). These activities generally recover the cost of providing services from customer fees and charges; however, the Golf fund and the PACC have been subsidized by the General fund.

Government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: (1) charges for services; (2) grants and other contributions; and (3) capital grants and contributions.

The statement of activities demonstrates the degree to which expenses, both direct and indirect, of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the City's cost allocation plan. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) operating and capital grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, net internal service fund transactions have been allocated back to the governmental and business-type activities generating the net income or loss. In the Statement of Net Position, internal service assets and liabilities have been combined with the governmental funds and presented as governmental activities.

In accordance with GASB 34, a reconciliation of the difference between the fund financial statements and the government-wide financial statements is provided as part of the fund financial statements.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the major governmental funds. Non-major governmental funds are combined for presentation in governmental fund statements. The following funds have been determined to be the City's major governmental funds:

- General Fund: This fund is always a major fund and is used to account for all financial resources traditionally associated with government activities which are not legally required to be accounted for in another fund.
- State and Federal Grants Fund: This fund accounts for expenditures of grants from state and federal agencies.

Governmental funds are accounted for using a "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The City considers revenues available if they are collected within 60 days after year-end with the exception of sales tax which is based on the California Board of Equalization reporting period through June of the fiscal year for which payment is received in September. Property tax, sales tax, intergovernmental revenues and other taxes are accrued as appropriate. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The availability period for revenue recognition for Grants receivable is one year after the year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred and, if paid within 60 days of year-end, except for unmatured principal and interest on long-term debt, which is recognized when due.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major fund. A column representing Internal Service Funds in total is also presented in these statements.

The proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises wherein the cost of goods and services to the general public are financed or recovered primarily through user charges. The following enterprise funds have been determined to be the City's major proprietary funds:

- Water Fund: This fund is used to account for all activities of the City's water production, treatment and distribution system. Revenues are derived mainly from metered water services, connection fees, and installation charges.

- Wastewater Fund: This fund is used to account for all sewer activities related to conveyance and treatment services. Revenues are derived mainly from sewer service charges, connection fees, and treatment plant charges.
- Environmental Resources Fund: This fund is used to account for the activities related to collection and disposal of refuse throughout the City.
- Performing Arts and Convention Center Fund: This fund is used to account for the operations and maintenance of the City's Performing Arts and Convention Center.
- Oxnard Housing Authority: This fund is used to account for the receipts and disbursements of funds received from the U.S. Department of Housing and Urban Development (HUD) to provide housing assistance, such as the rental assistance programs for low income residents and senior citizens under Section 8 of the Federal Housing Act of 1937, as amended.
- Municipal Golf Course Fund: This fund is used to account for the operation and maintenance of the City's River Ridge golf course.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included within the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds principal ongoing operations. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources as they are needed.

Internal Service Funds

Internal service funds account for services to other departments on a cost-recovery basis. Internal service funds include workers' compensation, public liability and property damage, utility customer services, information systems, facilities maintenance, and fleet services. Internal service funds are reported in total on the proprietary funds statements.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The City's fiduciary funds consist of private purpose trust fund and an agency fund. A private purpose trust fund is as follows:

- Oxnard Community Development Commission Successor Agency Private Purpose Trust Fund: This fund accounts for the assets and activities of the former redevelopment agency pursuant to AB 1X 26.

The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds are as follows:

- Artworks Fund: This fund is used to account for donations from private parties to pay for Carnegie Art Museum artwork related expenditures.
- Improvement Districts Fund: This fund is used to account for various limited obligation improvement bonds issued by the City, wherein bond proceeds are used to finance land acquisition and public improvements of the various assessment districts within the City. Neither the faith, credit, nor the taxing power of the City or any of its political subdivisions is pledged to the payment of the bonds. Property owners within the assessment district are assessed through the County property tax bills and the money collected is used to pay off the annual debt service requirements.
- Oxnard Downtown Management District Fund: This fund accounts for property tax collected within the downtown area for downtown improvements and revitalizations.

D. Cash and Investments

Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include cash in bank accounts and investments held by the City Treasurer in a cash management pool. These amounts are readily available for use by the respective funds.

Investment Policy

The City's investment policy is intended to provide guidelines for the prudent investment of City funds, and to outline the policies for maximizing the efficiency of the City's cash management system. The policy of the City is to invest public funds in a manner which will provide high investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds. The investment policy applies to the City's pooled investment fund which encompasses all monies under the direct oversight of the City Treasurer. These include the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds and Fiduciary Funds.

Investments

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," the City's investments are stated at fair value.

The City Treasurer's investment pool is comprised of pooled deposits and investments and the State of California Local Agency Investment Fund (LAIF) investments. The City Treasurer's pooled investments are carried at fair value. The fair value is determined utilizing SunGard Securities Systems, the vendor providing investment reporting capability for the City Treasurer's Office, which provides pricing data from multiple industry sources. The fair value of LAIF is determined by allocating the City's share of LAIF's fair value as reported by LAIF.

LAIF is part of the State's Pooled Money Investment Account (PMIA), which was established in 1953. Oversight of PMIA is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

Direct oversight for LAIF is provided by the Local Agency Investment Advisory Board. The board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members qualified by training and experience in the field of investment or finance and two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city, or local district or municipal corporation of this state, are appointed by the State Treasurer. LAIF is required to invest in accordance with state statute.

Investment Income

Investment income earned on pooled cash and investments is allocated monthly to the General Fund and those other funds for which such allocation is a legal contractual requirement based on the average month-end cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related fund. Income from non-pooled investments is recorded in the appropriate fund based on the specific investments held by the trustee of the fund. Changes in the fair value of investments are recognized in Investment income at the end of each year.

E. Utility Revenue

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided, but unbilled at year-end is included in the accompanying basic financial statements.

F. Capital Assets

The City's assets for governmental and business-type activities are capitalized at historical cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. City policy has set the capitalization threshold at $5,000. Contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	45 years
Improvements:	
Paving, curbs, lighting	40 years
Parks Improvements	25 years
Sports Courts	40 years
Landscaping	50 years
Equipment and Machinery	5-20 years
Infrastructure Assets:	
Roadway network	25-100 years
Waterways/seawalls	75 years
Storm drain system	50-100 years

GASB 34 requires states, local governments, and other public agencies to annually report the net value of all capital assets, including infrastructure assets, consistent with generally accepted accounting principles. GASB 34 defines infrastructure assets as "long lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems." Infrastructure assets have been included in compliance with GASB 34 using the basic approach methodology. Land is valued at original cost without depreciation.

G. Risk Management

The City provides general liability and workers' compensation insurance under self-insurance programs with an annual limit per occurrence of $1 million for each program. Excess insurance in the layer of $1 million to $25 million is purchased for general liability and $200 million per year for workers' compensation. The City contracts with outside service agencies to assist in the administration of the self-insurance programs. Estimated liabilities related to outstanding workers' compensation and public liability claims, including estimates for incurred but not reported claims, are based upon actuarial studies and are recorded in internal service funds.

In August 1988, the City adopted a resolution to execute a Joint Powers Agreement (JPA) creating the Big Independent Cities Excess Pool Joint Powers Authority (BICEP), a risk management pool. Through BICEP, five cities share the cost of insuring catastrophic general liability losses incurred by the members for claims between $1 million and $25 million, thereby eliminating the need for individual excess commercial insurance policies. The purpose of this JPA is to jointly fund the purchase of reinsurance and the provision of necessary administrative services. Such administrative services may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjustment and legal defense service. BICEP is governed by a five-member board of directors representing each member city. Each member is appointed and serves at the pleasure of the member city council.

The agreement with BICEP may be terminated with advanced notice provided that no bonds or other obligations of BICEP are outstanding. Upon termination of this agreement, all assets of BICEP shall (after payment of all unpaid costs, expenses and charges incurred under the agreement) be distributed among the parties in accordance with the respective contributions of each participating city.

H. Compensated Absences

Vacation leave and annual leave compensation time pay is recorded as a liability when incurred within the government-wide and proprietary funds financial statements. Sick leave, which does not vest, is recorded in all funds when leave is taken. In accordance with GASB Statement No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured and are paid by the City subsequent to year-end.

The accrual for compensated absences was reported as follows as of June 30, 2013:

	Governmental Activities	**Business Type**	**Total**
Beginning Balance	$ 17,592,431	$ 2,824,005	$ 20,416,436
Additions	9,334,808	1,674,407	11,009,215
Payments	(9,231,788)	(1,747,915)	(10,979,703)
Ending Balance	17,695,451	2,750,497	20,445,948
Current Portions	**$ 9,319,000**	**$ 1,407,268**	**$ 10,726,268**

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

I. Property Taxes

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Valuation Date	March 1
Property Tax Year	July 1 to June 30
Due Dates	November 1 (first installment) and February 1 (second installment)
Delinquent Dates	December 10 (first installment) and April 10 (second installment), August 3 (unsecured)

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured, and utility tax rolls.

Property Valuation

Valuations are established by the Assessor of the County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIIIA of the State Constitution, properties are assessed at 100 percent of full value. The value of real taxable property is based on fiscal year 1976 levels. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies

The county-wide tax levy for general revenue purposes is limited to 1 percent of full value, for a tax rate of $1.00 per $100 of assessed valuation. Tax rates for voter-approved indebtedness prior to passage of Proposition 13 are excluded from this limitation. Taxes are levied July 1 for both real and unsecured personal property based upon the assessed valuation as of the previous January 1 (lien date).

Under GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions,* property taxes are recognized as revenue in the period for which the taxes are levied. Therefore, the City recognizes revenue and a receivable, less any allowance for doubtful accounts deemed appropriate, for the entire tax levy in the period for which the taxes are levied. Accordingly, at June 30, 2013, the City has recorded property taxes receivable of $862,950, which is included in due from other governments in the accompanying balance sheet.

Tax Lien Dates

All lien dates attach annually on January 1 preceding the fiscal year for which the taxes are levied. Liens against real estate, and taxes on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections

The County Treasurer-Tax Collector is responsible for all property tax collections. Taxes and assessments on the secured and utility rolls, which constitute a lien against the property, may be paid in two installments: the first installment is due on November 1 of the fiscal year and is delinquent if not paid by December 10; the second installment is due on February 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be paid in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed for late payments.

Tax Apportionments and Special District Augmentation Fund (SDAF)

Due to the nature of the county-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Apportionments to local agencies are made by the County Auditor-Controller, based primarily on the ratio that each agency represented of the total county-wide levy for the three years prior to fiscal year 1979. The SDAF was established in order to provide greater flexibility in the allocation of the total levy to special districts under this basic apportionment method. Each special district makes a contribution from its base tax levy apportionment to the SDAF. Oversight governments of the special districts (cities or the county) can then reallocate this pool among special districts based on financing needs.

J. Use of Estimates

The preparation of the City's basic financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements, and revenues and expenses during the reported period. Actual results could differ from those estimates.

K. Budgets and Budgetary Accounting

The City develops and presents a two-year budget to the City Council, including a capital improvement plan. Annual operating and capital improvement expenditures are adopted by resolution. This resolution constitutes the authorized expenditures for the fiscal year. The second year of the two-year budget is updated and adopted for that year. The City's annual budget is the legally adopted expenditure control document of the City. Budgets are prepared on the modified accrual basis of accounting, consistent with generally accepted accounting principles (GAAP).

The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level.

Budgeted expenditures may be reallocated within a fund by the City Manager and within a department by the department director.

L. Encumbrances

Appropriations in governmental fund types are encumbered upon issuance of purchase orders for goods and/or services. Even though unencumbered appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered. As of June 30, 2013, the following outstanding significant governmental fund encumbrances are not reflected in the committed or assigned fund balances nor require the use of existing fund resources. Proprietary funds include all significant outstanding encumbrances.

Governmental Funds	
General fund*	$ 2,581,115
State and federal grants	2,461,510
Other non-major funds	6,303,859
Total governmental funds	**$ 11,346,484**

Proprietary Funds	
Water funds	$ 4,608,927
Wastewater funds	1,161,763
Enviromental resources funds	738,769
Golf course funds	23,625
Internal service funds	283,087
Total proprietary funds	**$ 6,816,171**

* Includes $1,932,115 of Measure "O" encumbrances.

M. Fund Equity

The accompanying financial statements report the components of fund balances for governmental funds consistent with GASB 54.

Nonspendable fund balance – this includes amounts that cannot be spent because they are either not spendable in form (such as prepaid items) or legally or contractually required to be maintained intact (such as endowments).

Restricted fund balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance – this includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. Commitments may be changed or removed by the City by a resolution.

Assigned fund balance – this includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Council delegated, per Resolution No. 14,102, the Chief Financial Officer to assign fund balance. Use of this component would be based on related Council documents that identifies an intent to use funds for a specific purpose that was not part of the formal resolution or ordinance of the Council.

Unassigned fund balance – this includes all amounts not included in other classifications.

In the government-wide financial statements, net position of the City includes the following categories:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This resulting category presents the remaining City net position and this measure of equity is unrestricted, legally or otherwise.

The accounting policies of the City consider restricted fund balance spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available. When an expenditure is incurred for purpose for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the adjustment to fair value for the derivative swap agreement reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City does not have any items that qualify for reporting in this category under GASB 63.

O. Prior Period Adjustments

At July 1, 2012 the City's due from other agency, grants receivable, deferred revenue and other advances balances were restated to correct errors in recording. The restatement consisted of the following:

Net Assets - Governmental Activities		
To book principal balance of CCRP's (former redevelopment agency) loan to General Fund dated March 15, 1994	$	3,433,467
To book principal balance of former redevelopment agency's loan to General Fund for R-108 Downtown Project, loan originated in 1966		304,572
To correct grants receivable balance		(307,485)
To correct deferred revenue balance		251,026
To recognize 2006 Tax Allocation Bond revenue earned		495,108
To record receivable from Housing Authority for workers compensation claims		1,088,481
To transfer cash back from Successor agency to Housing Successor		6,964,573
Total	**$**	**12,229,742**

Net Assets -Business-type Activities		
To close out advances to other agency that was booked during accounting system conversion	$	(839,716)
To close out due to other government that was booked during accounting system conversion		54,642
To record Housing Authority's payable to the City for Workers Compensation related claims		(1,088,481)
Total	**$**	**(1,873,555)**

II. Detailed Notes on All Funds

A. Cash and Investments

The City's cash and cash equivalents and investments consist of the following at June 30, 2013:

Petty Cash	$	53,375
Deposits		28,650,400
Investments		102,961,896
Cash and cash equivalents		131,665,671
Cash and Investments with Fiscal Agents		66,733,400
	$	198,399,071

The City's deposits and investments are reflected in the accompanying basic financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Grand Total
Cash and cash equivalents	$ 75,192,836	$ 47,387,815	$ 9,085,020	$ 131,665,671
Cash with fiscal agents	7,321,887	33,372,151	26,039,362	66,733,400
Total	**$ 82,514,723**	**$ 80,759,966**	**$ 35,124,382**	**$ 198,399,071**

Deposits Custodial Credit Risks

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy requires deposits to be covered by federal depository insurance and collateral having a market value of 110 percent of the uninsured deposit. As of June 30, 2013, the City has a bank balance of $29,420,131 (carrying amount of $28,317,173); of the bank balance, $250,000 was insured and the balance was secured by collateral held by the City's agent in the agent's name. Deposits held by the Housing Authority are also insured or secured by collateral held by the Housing Authority's agent in the agent's name. The Housing Authority book balance as of June 30, 2013 was $1,562,377 (carrying value of $1,562,377). In addition, the Performing Arts & Convention Center retained a bank balance of $66,940 (carrying value of $35,000).

Authorized Investments

The City's investments are managed by the City Treasurer, fiscal agents (Bond trustees acting in accordance with bond covenants), and authorized representatives of the Housing Authority. Investments managed by the City Treasurer and the Housing Authority are invested in accordance with the City's investment policies. Investments managed by bond trustees are invested in accordance by provisions of the respective bond agreements.

The City's investments by investments manager are as follows:

City Treasurer	$ 97,500,408
Fiscal Agents (Bond trustees for the City and its component units)	65,915,380
Other Agency (includes fiscal agents)	6,279,508
Total Investments	**$ 169,695,296**

The City Treasurer has direct oversight over the City's pooled investment fund which covers cash and cash equivalents of the City's governmental funds, proprietary funds, and trust and agency funds which are invested in accordance with the City's investment policy. Allowable investments are detailed in the following table.

Investment Types Authorized by Section 53601	Authorized by Investment Policy	Maximum Maturity (Years)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Ratings
U.S. Treasury and Agencies	Yes	5	None	None	None
Local Agency bonds, notes	Yes	N/A	15%	None	None
Other Bonds, Notes or Evidences of Indebtedness	Yes	N/A	15%	None	None
Bankers acceptances	Yes	180 days	40%	30%	None
Commercial Paper	Yes	270 days	15%	10%	P1/A1
Negotiable CDs	Yes	N/A	30%	None	Aa/AA-
Certificate of Deposits (CDs)	Yes	N/A	40%	15%	A
Repurchase Agreements	Yes	90 days	None	None	None
Medium Term Notes	Yes	5	30%	None	A
Mutual Funds	Yes	N/A	15%	None	None
LAIF	Yes	N/A	None	None	None

The Housing Authority's investment policy and related disclosures regarding its investments at June 30, 2013, is more fully disclosed in the financial statements for the Housing Authority, which may be obtained from the Housing Authority's Financial Services Division.

Investments with fiscal agents are investments held by the bond trustee on behalf of the City or its component units. The City selects the investment under the terms of the applicable trust agreement, directs the bond trustee to acquire the investment and the bond trustee then holds the investment on behalf of the City and/or its component units. Proceeds of bonds administered by bond trustees are also generally covered under the City Treasurer's investment policy; however, specific provisions of each issuance are usually used in managing such investments. Several of the major differences are as follows:

- Allowance of investments in guaranteed investment contracts
- Allowance of investment maturities in excess of five years

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of short-term and longer-term investments with maturities that provide the cash flow and liquidity needed for operations or debt service requirements.

Information about the sensitivity of the fair value of the City's investments (including investments held by bond trustees) to market interest rate fluctuation is provided by the following table that shows the distribution of the City's investments by maturity:

	Investment Maturities (in Years)			
	Less than 1	**1-5**	**More than 5**	**Total**
Federal Agency Securities	$ 4,018,660	$ 64,422,027	$ -	$ 68,440,687
Corporate Bonds	-	8,060,540	-	8,060,540
LAIF	25,655,079	-	-	25,655,079
Municipal Bonds	1,000,000	-	-	1,000,000
Held by trustee:				
Investment Agreement	-	2,130,600	3,028,150	5,158,750
LAIF	2,370,352	-	-	2,370,352
Money Market Fund	59,010,707	-	-	59,010,707
Total Investments	**$ 92,054,798**	**$ 74,613,167**	**$ 3,028,150**	169,696,115
Accrued discount				(819)
Total investments (net of accrued discount)				169,695,296
Cash in banks and on hand				28,703,775
Total Cash and Investments				**$ 198,399,071**

The investment agreements listed above are GICs held by fiscal agents (bond trustees) and are restricted for construction projects and debt service requirements. The maturities of a GIC are normally pegged to the maturities of the related debt; in the event the City refunds or prepay its debt before the maturity, GICs are redeemed at par.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investments that are not rated include LAIF and GICs. Although GICs are not rated, the City has only entered into GICs with institutions that carry a high credit rating. In addition, in the event of a downgrade of the GIC provide below certain thresholds, the GIC provider is required to collateralize the GIC obligation with U.S. debt obligations.

Presented below are the actual ratings from Standard & Poor's for each investment type as of June 30, 2013:

Investment Type	**AAA**	**AA+**	**AA**	**A+**	**Total**
Federal agency securities	$ -	$ 68,440,687	$ -	$ -	$ 68,440,687
Los Angeles Municipal Bonds	-	-	-	1,000,000	1,000,000
Corporate bonds (GECC)	-	2,086,820	-	-	2,086,820
Corporate bonds (Walmart)	-	-	2,038,820	-	2,038,820
Corporate bonds (Disney)	-	-	1,939,000	-	1,939,000
Corporate bonds (GECC BE)	-	1,995,900	-	-	1,995,900
Money Market Fund	59,010,707	-	-	-	59,010,707
Totals	**$ 59,010,707**	**$ 72,523,407**	**$ 3,977,820**	**$ 1,000,000**	136,511,934
Not rated:					
LAIF					28,025,431
GIC					5,158,750
Total Investments					**169,696,115**
Less accrued discount					(819)
Total investments (net of accrued discount)					169,695,296
Cash in banks and on hand					28,703,775
Total cash and investments					**$ 198,399,071**

Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U.S. Treasury securities, mutual funds, and external investment funds that represent 5 percent or more of total entity-wide investments are as follows at June 30, 2013:

Issuer	Type of Investments	Amounts
Federal National Mortgage Association	Federal Agency Securities	$ 19,826,380
Federal Home Loan Bank	Federal Agency Securities	$ 21,872,900
Federal Farm Credit Bank	Federal Agency Securities	$ 18,860,167

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure of custodial credit risk for deposits or investments, other than the provisions for deposits in the California Government Code that require that financial institutions secure deposits made by state local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having value of 150% of the secured public deposits.

For investments identified herein as held by fiscal agent (bond trustee), the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Interest rate swap

The City has entered into 3 floating-to-fixed interest rate swaps with a notional amount of $51,670,000. The City pays the counterparty a fixed amount of 3.53 percent and 4.037 percent and receives variable payments computed as 68 percent of the 1-month London Interbank Offered Rate (LIBOR). At June 30, 2013, this interest rate swap had a fair value of a negative $9,831,806. Other applicable risks (credit risk, basis risk and termination risk) associated with these derivative instruments are described in note F.

B. Receivables and Payables

Accounts receivables and other receivables as of June 30, 2013 included in the accompanying Statement of Net Position primarily consist of the following:

Accounts Receivables		Governmental Activities		Business-Type Activities
Utilities Receivable	$	15,235	$	15,261,856
Grants receivable		16,254,981		-
Accounts Receivable Billed and Accrued		2,541,697		4,739,350
Other Receivables		5,892,862		-
Sub-Total		24,704,775		20,001,206
Allowance for Uncollectible Receivables		(599,602)		(355,490)
Total	$	24,105,173	$	19,645,716

Accounts payable and other liabilities as of June 30, 2013 reported on the Statement of Net Position primarily consist of the following:

Accounts Payable and Other Liabilities		Governmental Activities		Business-Type Activities
Accounts Payable (due to vendors)	$	13,773,847	$	5,277,040
Other liabilities:				
Accrued Payroll		2,912,137		449,092
Other Accrued Expenses		252,650		58,493
Other Payables		6,260,913		2,448,506
Total Other liabilities		9,425,700		2,956,091
Total	$	23,199,547	$	8,233,131

Governmental funds record deferred revenue for revenues that are not yet earned as of year-end and grant drawdowns prior to meeting eligibility requirements. At June 30, 2013, deferred/unearned revenues are comprised of the following:

General Fund - interest on Successor Agency's loan	$	3,023,370
General Fund - reimbursement received in advance & A/R Billed		363,888
Housing Successor		755,842
HUD & CDBG		5,403,031
State & federal grants		3,270,102
Transportation development act		2,419,108
Total	**$**	**15,235,341**

Of this total, $3,246,301 consists of deferred revenue not received within the availability period and unearned revenues recorded in the amount of $11,989,040.

C. Interfund Receivables and Payables

Total interfund receivables and payables at June 30, 2013, which are included in the Fund Financial Statements as due from/to other funds and advances to/from other funds, before eliminations, consist of the following:

	Interfund Receivable	Interfund Payable	Interfund Balance
Governmental Activities:			
General Fund	$ 10,141,052	-	$ 10,141,052
State and Federal Grants	-	12,081,819	(12,081,819)
Non-Major Governmental Funds	5,254,727	177,350	5,077,377
Internal Service Fund	1,168,481	-	1,168,481
Total governmental activities	**$ 16,564,260**	**$ 12,259,169**	**$ 4,305,091**
Business type Activities:			
Water	10,548,382	-	10,548,382
Wastewater	-	1,671,260	(1,671,260)
Environmental Resource	64,943	7,441,667	(7,376,724)
PACC	-	1,614,009	(1,614,009)
Oxnard Housing Authority	-	1,168,481	(1,168,481)
Municipal Golf Course	-	3,022,999	(3,022,999)
Total business type activities	**10,613,325**	**14,918,416**	**(4,305,091)**
Total	**$ 27,177,585**	**$ 27,177,585**	**$ -**

The interfund balances at June 30, 2013 are loans to cover temporary cash deficits in various funds. All interfund balances outstanding at June 30, 2013 are expected to be repaid within one year except Environmental Resources, Wastewater loans and Golf from Water and Oxnard Housing Authority from Worker's Compensation-Internal Service Fund.

D. Interfund Transfers

Interfund transfers generally fall within one of the following categories:

- debt service payments made from a debt service fund but funded from an operating fund,
- program support that generally reflects subsidies and allocations between funds.

The net transfers of $2,166,145 from governmental activities to business-type activities in the Statement of Activities primarily relates to operational subsidy from the General Fund to the Performing Arts and to Municipal Golf Course Fund for debt service payment. There were no transfers during Fiscal Year 2012-2013 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

The following transfers in and out are reflected in the Fund Financial Statements for the year ended June 30, 2013:

	Description	Transfers In	Transfers Out	Net Transfers
Governmental Activities:				
General Fund	Program support	$ 132,580	$ 1,306,045	$ (1,173,465)
General Fund	Debt service	-	4,118,935	(4,118,935)
Non-Major Governmental Funds	Debt service	5,335,663	2,514,713	2,820,950
Non-Major Governmental Funds	Program support	300,000	95,580	204,420
State & Federal Grant	Program support	100,885	-	100,885
Total governmental activities		**5,869,128**	**8,035,273**	**(2,166,145)**
Business type Activities:				
Environmental Resource	Program support	-	37,000	(37,000)
Environmental Resource	Debt service	-	25,360	(25,360)
Performing Arts and Convention Center	Program support	905,160	-	905,160
Golf Course	Debt service	1,323,345	-	1,323,345
Total business type activities		**2,228,505**	**62,360**	**2,166,145**
Total government-wide statements		**$ 8,097,633**	**$ 8,097,633**	**$ -**

E. Capital Assets

Changes in the City's capital assets for the year ended June 30, 2013 consisted of the following:

	BALANCE JULY 1, 2012	INCREASES	DECREASES	BALANCE JUNE 30, 2013
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 988,370,375	$ -	$ -	$ 988,370,375
Construction in progress	71,238,956	33,945,102	(2,023,727)	103,160,331
Total capital assets, not being depreciated	**1,059,609,331**	**33,945,102**	**(2,023,727)**	**1,091,530,706**
Capital assets, being depreciated:				
Buildings	92,805,338	-	-	92,805,338
Improvements other than buildings	94,192,287	-	-	94,192,287
Equipment and machinery	43,945,215	2,038,777	(289,328)	45,694,664
Infrastructure	524,153,419	-	-	524,153,419
Total capital assets, being depreciated	**755,096,259**	**2,038,777**	**(289,328)**	**756,845,708**
Less: Accumulated depreciation				
Buildings	(24,766,759)	(1,943,611)	-	(26,710,370)
Improvements other than buildings	(16,177,519)	(2,328,832)	-	(18,506,351)
Equipment and machinery	(36,396,907)	(2,352,819)	266,321	(38,483,405)
Infrastructure	(278,022,699)	(13,888,985)	-	(291,911,684)
Total accumulated depreciation	**(355,363,884)**	**(20,514,247)**	**266,321**	**(375,611,810)**
Total capital assets, being depreciated, net	**399,732,375**	**(18,475,470)**	**(23,007)**	**381,233,898**
Governmental activities capital assets, net	**$ 1,459,341,706**	**$ 15,469,632**	**$ (2,046,734)**	**$ 1,472,764,604**

Business-type Activities	BALANCE JULY 1, 2012	INCREASES	DECREASES	BALANCE JUNE 30, 2013
Capital assets, not being depreciated:				
Land	$ 47,730,214	$ -	$ -	$ 47,730,214
Construction in progress	116,422,303	19,337,242	(1,168,887)	134,590,658
Total capital assets, not being depreciated	**164,152,517**	**19,337,242**	**(1,168,887)**	**182,320,872**
Capital assets, being depreciated:				
Buildings	89,897,013	636,980	-	90,533,993
Municipal Golf Course improvements	25,430,098	31,543	-	25,461,641
Equipment and machinery	44,286,522	772,765	(92,964)	44,966,323
Infrastructure	534,719,502	-	-	534,719,502
Total capital assets, being depreciated	**694,333,135**	**1,441,288**	**(92,964)**	**695,681,459**
Less: Accumulated depreciation				
Buildings	(53,776,760)	(2,036,146)	-	(55,812,906)
Golf improvements	(2,477,936)	(501,329)	-	(2,979,265)
Equipment and machinery	(41,779,003)	(1,163,215)	92,964	(42,849,254)
Infrastructure	(148,306,008)	(12,412,254)	-	(160,718,262)
Total accumulated depreciation	**(246,339,707)**	**(16,112,944)**	**92,964**	**(262,359,687)**
Total capital assets, being depreciated, net	**447,993,428**	**(14,671,656)**	**-**	**433,321,772**
Business-type activities capital assets, net	**612,145,945**	**4,665,586**	**(1,168,887)**	**615,642,644**
Total	**$ 2,071,487,651**	**$ 20,135,218**	**$ (3,215,621)**	**$ 2,088,407,248**

For the year ended June 30, 2013 depreciation expense on capital assets was charged as follows:

Governmental Activities:	
Legislative	$ 61,510
Administration and support	5,851,843
Public safety	9,454,175
Transportation (Highways and streets)	407,845
Community development	722,706
Culture and leisure	1,351,982
Libraries	528,677
Capital improvement projects, including depreciation of general infrastructure assets	1,874,769
Capital assets held by the City's internal service fund	260,740
Total governmental activities depreciation expense	$ 20,514,247

Business-type Activities:	
Water	$ 4,637,036
Wastewater	8,462,344
Environmental Resources	1,239,483
Performing Arts and Convention Center	2,275
Oxnard Housing Authority	1,181,218
Municipal Golf Course	590,588
Total business-type activities depreciation expense	$ 16,112,944

F. Long-term Liabilities

The following is a summary of changes in long-term liabilities. Certain long-term liabilities provide financing to both governmental and business-type activities. The following table present balances and activity for the City's fiscal year ended June 30, 2013.

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Governmental Activities:					
Revenue Bonds:					
Lease revenue refunding bonds, series 2003 A	$ 2,786,802	$ -	$ 660,087	$ 2,126,715	$ 682,776
Variable rate demand lease revenue, series 2003 B	11,550,000	-	405,000	11,145,000	420,000
Variable rate demand lease revenue bonds, series 2006	21,445,000	-	570,000	20,875,000	590,000
1999 Certificate of participation	6,120,000	-	6,120,000	-	-
Capital Leases:					
2009 CIP lease purchase, draw #1	753,218	-	86,312	666,906	90,300
2009 CIP lease purchase, draw #2	16,736	-	6,521	10,215	6,751
2009 CIP lease purchase, draw #3	35,199	-	13,710	21,489	14,199
2009 CIP lease purchase, draw #6	213,366	-	68,600	144,766	71,092
2009 CIP lease purchase, draw #7	103,810	-	28,524	75,286	29,469
2009 CIP lease purchase, draw #8	27,833	-	7,653	20,180	7,889
2009 CIP lease purchase, draw #10	899,252	-	89,072	810,180	94,495
2009 CIP lease purchase, draw #11	101,604	-	27,984	73,620	28,808
2009 CIP lease purchase, draw #12	67,888	-	16,239	51,649	16,778
2009 CIP lease purchase, draw #13	3,038,977	-	553,978	2,484,999	571,577
2009 CIP lease purchase, draw #14	347,008	-	103,814	243,194	75,449
2009 CIP lease purchase, draw #15	17,441	-	2,996	14,445	3,051
2009 CIP lease purchase, draw #16	42,674	-	7,315	35,359	7,481
2009 CIP lease purchase, draw #17	-	132,149	12,388	119,761	25,323
2009 CIP lease purchase, draw #19	-	1,099,999	-	1,099,999	147,919
2012 Lease Purchase	-	5,570,838	341,338	5,229,500	295,693
Gas tax revenue certificate of participation	25,890,000	-	555,000	25,335,000	580,000
Compensated absences	17,592,431	9,334,808	9,231,788	17,695,451	9,319,000
Unamortized discounts	(304,766)	-	(50,794)	(253,972)	-
Total Governmental Activities	**90,744,473**	**16,137,794**	**18,857,525**	**88,024,742**	**13,078,050**

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Business-Type Activities:					
Water fund					
Water revenue refunding bonds, series 2004	$ 40,085,000	$ -	$ 1,095,000	$ 38,990,000	$ 1,150,000
Water revenue project bonds, series 2006	51,310,000	-	920,002	50,389,998	965,000
Water revenue project bonds, series 2010A	15,240,000	-	1,255,000	13,985,000	1,300,000
Water revenue project bonds, series 2010B	83,670,000	-	-	83,670,000	-
Water revenue refunding bonds, series 2012	9,345,000	-	390,000	8,955,000	400,000
2009 CIP lease purchase, draw #4	25,263	-	7,984	17,279	8,417
2009 CIP lease purchase, draw #5	42,197	-	13,350	28,847	14,060
2009 CIP lease purchase, draw #8	51,934	-	14,278	37,656	14,719
2009 CIP lease purchase, draw #9	35,405	-	5,959	29,446	6,164
Add: Unamortized bond premium	2,972,889	-	232,403	2,740,486	-
Less: Unamortized loss on refunding	(2,357,837)	-	(130,991)	(2,226,846)	-
Unamortized discounts	(843,398)	-	(31,930)	(811,468)	-
Sub Total	199,576,453	-	3,771,055	195,805,398	3,858,360
Compensated absences	612,200	267,259	314,559	564,900	295,000
Total Water fund	**$ 200,188,653**	**$ 267,259**	**$ 4,085,614**	**$ 196,370,298**	**$ 4,153,360**
Wastewater fund					
Wastewater revenue refunding bonds, series 2003	$ 23,675,000	$ -	$ 2,470,000	$ 21,205,000	$ 2,595,000
Wastewater revenue bonds, series 2004A	80,000,000	-	-	80,000,000	-
Wastewater revenue bonds, series 2004B	20,565,000	-	915,000	19,650,000	940,000
Wastewater revenue bonds, series 2006	11,180,000	-	270,000	10,910,000	280,000
2009 CIP lease purchase, draw #7	93,087	-	25,578	67,509	26,425
2009 CIP lease purchase, draw #12	33,859	-	8,100	25,759	8,368
2009 CIP lease purchase, draw #18		318,059	20,878	297,181	42,109
Less: Unamortized discounts	(137,565)	-	(68,782)	(68,783)	-
Sub Total	135,409,381	318,059	3,640,774	132,086,666	3,891,902
Compensated absences	667,938	524,654	559,195	633,397	493,000
Total Wastewater fund	**$ 136,077,319**	**$ 842,713**	**$ 4,199,969**	**$ 132,720,063**	**$ 4,384,902**
Environmental resources fund					
Solid waste revenue refunding bonds, series 2005	$ 8,330,000	$ -	$ 2,165,000	$ 6,165,000	$ 2,275,000
Capital Lease					
Del Norte Blvd. improvement	42,094	-	42,094	-	-
Fifth and Del Norte improvement	132,303	-	132,303	-	-
Lease purchase trash containers	2,227,484	-	334,365	1,893,119	348,317
2009 CIP lease purchase, draw #5	26,523	-	8,392	18,131	8,838
2009 CIP lease purchase, draw #9	183,135	-	30,816	152,319	31,876
2009 CIP lease purchase, draw #12	70,154	-	16,807	53,347	17,364
Add : Unamortized bond premium	312,039	-	104,014	208,025	-
Less: Unamortized discounts	(40,862)	-	(13,621)	(27,241)	-
Sub Total	11,282,870	0	2,820,170	8,462,700	2,681,395
Compensated absences	802,388	548,451	501,892	848,947	535,000
Total Environmental resources fund	**$ 12,085,258**	**$ 548,451**	**$ 3,322,062**	**$ 9,311,647**	**$ 3,216,395**
Performing arts and convention center fund (PACC)					
Compensated absences	$ 102,734	$ 48,855	$ 50,474	$ 101,115	$ 50,000
Total PACC	**$ 102,734**	**$ 48,855**	**$ 50,474**	**$ 101,115**	**$ 50,000**
Oxnard housing authority fund					
2004 Capital Fund Revenue Bonds	$ 4,025,000	$ -	$ 260,000	$ 3,765,000	$ 270,000
Compensated Absences	638,745	285,188	321,795	602,138	34,268
Total Oxnard housing authority fund	**$ 4,663,745**	**$ 285,188**	**$ 581,795**	**$ 4,367,138**	**$ 304,268**
Municipal golf course fund					
Revenue Refunding Bonds Series 2003	$ 3,968,206	$ -	$ 939,913	$ 3,028,293	$ 972,222
Lease Revenue Refunding Bonds Series 2011	21,320,000	-	225,000	21,095,000	260,000
Less: Unamortized discounts	(259,327)	-	(10,805)	(248,522)	
Total Municipal golf course fund	**$ 25,028,879**	**$ -**	**$ 1,154,108**	**$ 23,874,771**	**$ 1,232,222**
Total Business-Type Activites	**$ 378,146,588**	**$ 1,992,466**	**$ 13,394,022**	**$ 366,745,032**	**$ 13,341,147**
Total	**$ 468,891,061**	**$ 18,130,260**	**$ 32,251,547**	**$ 454,769,774**	**$ 26,419,197**

Internal Service Funds long-term obligations are included as part of the above totals for the governmental activities. Changes in long-term obligations for the internal service funds for the year ended June 30, 2013 are as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Internal service funds:					
Compensated absences	$ 954,415	$ 623,396	$ 611,999	$ 965,812	$ 649,000
2009 CIP lease purchase, draw #11	101,604	-	27,984	73,620	28,808
Total	**$ 1,056,019**	**$ 623,396**	**$ 639,983**	**$ 1,039,432**	**$ 677,808**

Description of Long-term Debt

Lease Revenue Refunding Bonds, Series 2003A.

Lease Revenue Refunding Bonds, Series 2003A were issued on May 22, 2003 in the amount of $18,640,000. These are thirteen-year bonds maturing in various amounts through June 1, 2016, with a net interest cost of 3.5904 percent. The bonds were issued to refinance the outstanding Lease Revenue Refunding Bonds Series 1993, 1988 Civic Center Library bonds, 1986 River Ridge Golf Course bonds, land acquisition bonds, 1966 Auditorium Authority bonds, and 1972 parking authority bonds, and to prepay the Zions Bank leases for the Old Oxnard High School and 300 West Third Street. The refunding resulted in an economic gain of $921,361 and an overall cash savings of $4,922,193. The total balance outstanding as of June 30, 2013 is $5,155,008, of which $2,126,715 is recorded within governmental activities and $3,028,293 is recorded within business-type activities in the accompanying statement of net position. . The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the bonds at June 1, 2016.

Variable Rate Demand Lease Revenue Bonds, Series 2003B

Variable Rate Demand Lease Revenue Bonds, Series 2003B in the amount of $14,750,000 were issued on December 1, 2003, maturing in various amounts through June 1, 2033. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index. These bonds were issued to finance the Downtown Parking Structure and a new Library. The City entered into an interest rate exchange agreement with respect to the bonds with Royal Bank of Canada. The swap agreement terminates by its term on June 1, 2033. On August 26, 2008, the bonds were remarketed with the issuance of an irrevocable, direct-pay letter of credit by Union Bank of California, N.A. Union Bank renewed the letter of credit through August 26, 2016 on July 17, 2013. The balance outstanding as of June 30, 2013 is $11,145,000. The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the bonds at June 1, 2033.

Variable Rate Demand Lease Revenue Bonds (Civic Center Phase 2 Project), Series 2006

Variable Rate Demand Lease Revenue Bonds (Civic Center Phase 2 Project), Series 2006 were issued on December 1, 2006 in the amount of $24,205,000 to finance the acquisition, construction, and improvement of certain public facilities constituting the

Civic Center Phase 2 Project. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index. The City entered into an interest rate exchange agreement with respect to the bonds with Royal Bank of Canada (the "Swap Provider") consisting of an International Swap Dealers Association, Inc. (ISDA) Master Agreement, dated December 1, 2006, including related schedule, Credit Support Annex, and Confirmation pertaining to the "Swap Agreement." The Swap Agreement terminates by its term on June 1, 2036. As of March 3, 2007, the swap rate was 3.53 percent. On August 26, 2008, the bonds were remarketed with the issuance of an irrevocable, direct-pay letter of credit by Union Bank of California, N.A. Union Bank renewed the letter of credit through August 26, 2016 on July 17, 2013. The outstanding balance as of June 30, 2013 is $20,875,000. The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the bonds at June 1, 2036.

Gas Tax Revenue Certificates of Participation (2007 Street Improvement Program)

Gas Tax Revenue Certificates of Participation were issued on December 18, 2007 in the amount of $27,675,000. Proceeds from the sale of the certificates are to be used to reconstruct various streets throughout the City. The certificates are secured solely by gas tax revenues received from the State of California. Yields on the certificates range from 2.97 percent to 4.87 percent with a final maturity of September 1, 2037. The outstanding balance as of June 30, 2013 is $25,335,000. The installment payments that secure these bonds constitute obligations of the City's gas tax special revenue fund. Such obligation exists through the maturity date of the bonds at September 1, 2037.

2012 Lease/Purchase Agreement

On August 1, 2012, the City entered into a Lease Purchase Agreement with Capital One Public Funding, LLC in the amount of $5,570,838, for the purpose of refinancing 1999 Certificate of Participation, with interest rate of 3.54% and final maturity date on June 1, 2028. The refunding resulted in an overall cash flow savings of $ 658,975 and economic gain of $566,623, percentage savings of 9.3%. The outstanding balance as of June 30, 2013 is $5,229,500. These lease payments constitute obligations of the City's general fund. Such obligation exists through the maturity date of the lease at June 1, 2028.

Water Revenue Project Bonds, Series 2004

The City has pledged all net water system revenues and all amount on deposit in the Revenue fund to the payment of the 2004 Installment Payments and the 2001 Installment Payments. These bonds were issued on February 1, 2004 in the amount of $47,895,000. Net Water System revenue mean all income, rents, rates, fees, charges and other moneys derived from the ownership of or operation of the Water System less the Maintenance and Operation Costs. These bonds carry a net interest cost of 4.67 percent and mature on June 30, 2034. The proceeds from the sale of the bonds were used to pay for the costs of improvements to the Water System, including Cast Iron Pipe Replacement (Hydraulic Improvement), Hydrant Upgrades, Hydraulic

Deficiencies, Blending Station No. 3 Water Conditioning II, Blending Station No. 5, SCADA Upgrades, Phase I of the Groundwater Recovery Enhancement and Treatment Program, Automated Meter Reading Retrofit Program, and Water Well Improvement Program. The balance outstanding as of June 30, 2013 is $38,990,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's water fund. Such obligation exists through the maturity date of the bonds at June 30, 2034.

Water Revenue Project Bonds, Series 2006

The City has pledged all net water system revenues and all amount on deposit in the Revenue Fund for the payment of Water Revenue Project Bonds, Series 2006 and the outstanding Parity Obligations. Parity Obligations as described on these bonds are 2004 Installment Payments and 2001 Installment Payments. These bonds were issued on April 20, 2006 in the amount of $54,600,000. These bonds carry a net interest cost of 4.805 percent and mature on June 1, 2036. The proceeds from the sale of the bonds were used to pay for the costs of reconstruction, repair or replacement to the water system, including SCADA system improvement, industrial lateral reconnection, aquifer storage and recovery wells, Blending Station No. 3 expansion project, downtown cast iron replacement, hydraulic deficiencies and the GREAT Program. The balance outstanding as of June 30, 2013 is $50,389,998. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's water fund. Such obligation exists through the maturity date of the bonds at June 1, 2036.

Water Revenue Project Bonds, Series 2010A

The City has pledged all net water revenues and all amount on deposit in the Revenue Fund for the payment of the 2010 Installment Payments and the outstanding Parity Obligations. Parity Obligations as described on these bonds are 2006 Installment Payments, 2004 Installment Payments and 2012 Installment Payments. These bonds were issued on February 11, 2010 in the amount of $16,455,000. These bonds carry a net interest cost of 3.3729 percent and mature on June 1, 2022. The proceeds from the sale of the bonds will be used to finance a portion of the cost of certain capital improvements related to the GREAT program. The balance outstanding as of June 30, 2013 is $13,985,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's water fund. Such obligation exists through the maturity date of the bonds at June 1, 2022.

Water Revenue Project Bonds, Series 2010B

The City has pledged all net water revenues and all amount on deposit in the Revenue Fund for the payment of the 2010 Installment Payments and the outstanding Parity Obligations. Parity Obligations as described on these bonds are 2006 Installment Payments, 2004 Installment Payments and 2012 Installment Payments. These bonds were issued on February 11, 2010 in the amount of $83,670,000. These bonds, issued as

Federally Taxable Build America Bonds under the American Recovery and Reinvestment Act of 2008, carry a net interest cost of 4.5287 percent and mature on June 1, 2040. The City receives an interest subsidy directly from the United States Treasury equal to 35 percent of each interest payment. The proceeds from the sale of the bonds will be used to finance a portion of the cost of certain capital improvements related to the GREAT program. The balance outstanding as of June 30, 2013 is $83,670,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's water fund. Such obligation exists through the maturity date of the bonds at June 1, 2040.

Water Revenue Refunding Bonds, Series 2012

The City has pledged all net water revenues and all amount on deposit in the Revenue Fund for the payment of the 2012 Installment Payments and the outstanding Parity Obligations. Parity Obligations as described on these bonds are 2010 Installment Payments, 2006 Installment Payments and 2004 Installment Payments. These bonds were issued on April 4, 2012 in the amount of $9,345,000. These bonds carry a net interest cost of 3.6196 percent and mature on June 1, 2022. A portion of the proceeds were used to advance refund all the outstanding principal amount of $9,725,000 of the Water Revenue Refunding Bonds Series 2001. This refunding resulted in an economic gain of $1,093,681 (difference between the present value of the old bonds and the present value of the new bonds) and a cash flow savings of $1,446,323. The balance outstanding as of June 30, 2013 is $8,955,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's water fund. Such obligation exists through the maturity date of the bonds at June 1, 2022.

Wastewater Revenue Refunding Bonds, Series 2003

The City has pledged net system revenues, which means System Revenue less the Maintenance and Operations of the Wastewater System for the payment of Wastewater Revenue Refunding Bonds, Series 2003 issued on April 1, 2003 in the amount of $43,785,000. These are seventeen-year bonds maturing in various amounts through June 1, 2020 with a net interest cost of 4.183 percent. The bonds were issued to refinance Wastewater Revenue Refunding Bonds, Series 1993, 1986 Wastewater Treatment Plant Expansion Bonds, 1985 Wastewater Treatment Plant Expansion Land Bonds, and 1977 Oxnard Port Hueneme Regional Wastewater Treatment Authority bonds. This refunding resulted in an economic gain of $3,923,503 (difference between the present value of the old bonds and the present value of the new bonds) and a cash flow savings of $4,922,193. The outstanding balance as of June 30, 2013 is $21,205,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's wastewater fund. Such obligation exists through the maturity date of the bonds at June 1, 2020.

Wastewater Revenue Bonds, Series 2004A

Wastewater Revenue Bonds, Series 2004A were issued on June 22, 2004 in the amount of $80,000,000. These bonds carry a net interest cost of 5.149 percent and mature on June 30, 2034. The purpose of these bonds is to pay for the costs of the Redwood Trunk Sewer and Headworks Projects. The balance outstanding as of June 30, 2013 is $80,000,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's wastewater fund. Such obligation exists through the maturity date of the bonds at June 30, 2034.

Wastewater Revenue Bonds, Series 2004B

Variable Rate Demand Wastewater Revenue Bonds, Series 2004B were issued on November 1, 2004 in the amount of $23,975,000 and mature on June 1, 2034. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index. The bond proceeds were used to finance the cost of certain capital improvements to the City's wastewater system (Headworks and Septic System Conversion Projects). The City entered into an interest rate exchange agreement with respect to the bonds with Royal Bank of Canada. The swap agreement terminates by its term on June 1, 2034. On August 26, 2008, the bonds were remarketed with the issuance of an irrevocable, direct-pay letter of credit by Union Bank of California, N.A. Union Bank renewed the letter of credit through August 26, 2016 on July 17, 2013. The balance outstanding as of June 30, 2013 is $19,650,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's wastewater fund. Such obligation exists through the maturity date of the bonds at June 1, 2034.

Wastewater Revenue Bonds, Series 2006

Wastewater Revenue Bonds, Series 2006 were issued on April 27, 2006 in the amount of $12,575,000. These bonds carry a net interest cost of 4.788 percent and mature on June 1, 2036. The proceeds from the sale of the bonds were used to finance the cost of certain capital improvements to the City's wastewater system (the "Headworks Project") to address master-planned increases in sewer capacity needs in the north and northwest portions of the City, and to correct existing wastewater system deficiencies. The balance outstanding as of June 30, 2013 is $10,910,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's wastewater fund. Such obligation exists through the maturity date of the bonds at June 1, 2036.

Solid Waste Revenue Refunding Bonds, Series 2005

Solid Waste Revenue Refunding Bonds, Series 2005 were issued on April 15, 2005 in the amount of $20,955,000. These bonds carry a net interest cost of 4.25 percent and mature in various amounts on May 1, 2016. The proceeds of the bonds were used to refund the Solid Waste Revenue Bonds, Series 1995 and to purchase various Solid

Waste equipment such as commercial front-end loader trucks, green waste collection, refuse tractors, trailers, compactors, pickup trucks and others. The 1995 bonds were issued to finance the construction of the Del Norte Regional Recycling and Transfer Station. The refunding of the 1995 Bonds provided a net present value savings of $1,200,000. The outstanding balance as of June 30, 2013 is $6,165,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's environmental resources fund. Such obligation exists through the maturity date of the bonds at May 1, 2016.

Debt with Pledged Revenue

The City has pledged all net water system revenues and all amounts on deposit in the Revenue Fund for the payment of the bond installment payments and the outstanding Parity Obligations. The water net system revenues will not be used for any other purpose while any of the installment payments remain unpaid, provided, however, that out of the net water system revenues, there may be apportioned such sums for such purposes as permitted by the Installment Purchase Agreements. Principal and interest paid for the current year and net water revenue were $14,004,165 and $17,209,471, respectively.

The City has pledged all net wastewater system revenues and all amounts on deposit in the Revenue Fund for the payment of the bond installment payments and the outstanding Parity Obligations. The wastewater net system revenues will not be used for any other purpose while any of the installment payments remain unpaid, provided, however, that out of the net wastewater system revenues, there may be apportioned such sums for such purposes as permitted by the Installment Purchase Agreements. Principal and interest paid for the current year and net wastewater revenue were $10,591,703 and $12,282,257, respectively.

The City has pledged all net solidwaste system revenues and all amounts on deposit in the Revenue Fund for the payment of the bond installment payments. The solidwaste net system revenues will not be used for any other purpose while any of the installment payments remain unpaid, provided, however, that out of the net solidwaste system revenues, there may be apportioned such sums for such purposes as permitted by the Installment Purchase Agreements. Principal and interest paid for the current year and net solidwaste revenue were $3,493,219 and $4,432,975, respectively.

Golf Course Lease Revenue Refunding Bonds, Series 2011

Golf Course Lease Revenue Refunding Bonds, Series 2011 were issued on June 9, 2011 in the amount of $21,580,000. These bonds carry a net interest cost of 5.47 percent and mature on June 1, 2036. The proceeds of the bonds were used to pay the principal of and interest on the Bond Anticipation Notes, Series 2010. The outstanding balance as of June 30, 2013 is $21,095,000. The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the bonds at June 1, 2036.

Housing Authority 2004 Capital Fund Revenue Bonds

The Affordable Housing Agency issued Affordable Housing Agency Certificates of Participation, Series 2004 (Oxnard's Santa Clara Projects) on April 26, 2004 in the amount of $10,370,000, evidencing a proportionate ownership interest in debt service payments to be made with respect to certain Capital Fund Revenue Bonds, Series 2004, issued by the Oxnard and Santa Clara Housing Authorities in the amounts of $5,820,000 and $4,550,000, respectively. Each certificate represents a proportionate ownership interest of the holder in the right to receive debt service payments made with respect to the bonds. The obligation of the housing authorities under their respective bond indentures are independent and neither is obligated for the payment of principal or interest on the bonds of the other housing authority. The bonds were issued to finance certain capital projects of the Housing Authority, with interest ranging from 2.00 percent to 4.95 percent, maturing on or after April 1, 2012. The outstanding balance as of June 30, 2013 is $3,765,000.

Capital Lease Obligations

On April 23, 2008, the City entered into a Lease Purchase Agreement with Upton & Oliver Funding Corporation for the purpose of acquiring trash containers, costing $3,436,273, associated with the conversion to a three-cart residential container service. The lease purchase carries an interest rate of 4.13 percent, with a final maturity of April 23, 2018. The outstanding balance as of June 30, 2013 is $1,893,119. The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the bonds at April 23, 2018.

On September 1, 2009, the City entered into a Master Equipment Lease Purchase Line of Credit Agreement with Bank of America in an amount not to exceed $10 million for the purpose of acquiring vehicles and other capital assets. Total machinery and equipment acquired under this lease was $9,779,145. As of June 30, 2013, the total outstanding balance on this line of credit was $6,599,522. The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the lease at 10/1/2020.

Compensated Absences

The long-term portion of the liability was $8,376,451 for governmental activities and $1,343,229 for business-type activities at June 30, 2013, which is expected to be paid in future years from future resources.

Interest Rate Swaps

The City of Oxnard has entered into interest rate swaps to hedge its variable rate bond exposure. All 3 interest rate swaps qualify for treatment as 'Hedging Derivative Instruments' pursuant to the requirements of GASB Statement No. 53. Gains or losses on Hedging Derivative Instruments are reported as deferrals in the Statement of Net Position.

1. **City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds, (Civic Center Phase 2 Project), Series 2006.** As a result of a decline in interest rates since execution of the swap, the swap has a negative fair value of $3,605,567 as of June 30, 2013. The goal of the swap is to effectively fix the cost of debt over the term of the bonds, not for speculative purposes such as capturing the positive fair value at any point in time. The coupons on the City's variable-rate bonds adjust to changing interest rates, and therefore the bonds do not have a corresponding fair value increase. The fair value of the swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

    a. *Objectives*. As a means to lower borrowing costs, when compared against fixed-rated bonds at the time of issuance in December 2006, the City entered into a floating-to-fixed interest rate swap in connection with its $24,205,000 City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds, (Civic Center Phase 2 Project), Series 2006. The intention of the swap was to effectively change the City's variable interest rate on the bonds to an expected synthetic fixed rate of 3.53 percent. The contract provides that the City of Oxnard pay a fixed interest rate of 3.53 percent to the swap counterparty, the Royal Bank of Canada, in exchange for receiving a variable interest rate based upon 68 percent of the 1-month London Interbank Offered Rate (LIBOR). The swap is consistent with the guidelines contained within the City of Oxnard Master Swap Policy adopted on November 21, 2006.

    b. *Terms*. The bonds and the related swap agreement mature on June 1, 2036, and as of June 30, 2013 the swap's notional amount of $20,875,000 matches the $20,875,000 in variable-rate bonds. The swap was entered at the same time the bonds were issued (December 2006) and terminates at the same time that the bonds mature (June 2036). The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. Pursuant to the swap agreement, the City pays the counterparty a fixed payment of 3.53 percent and receives a variable payment computed as 68 percent of 1-month LIBOR. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index.

    c. *Risks.* The following represent the applicable risks that could give rise to financial loss:

        i. *Credit Risk.* The swap counterparty carries a senior debt rating of 'Aa3' by Moody's and "AA-" by Standard & Poor's as of June 30, 2013. To mitigate the potential for credit risk, if the counterparty's credit quality falls below 'AA-' by Standard & Poor's or 'Aa' by

Moody's, then the fair value of the swap will be collateralized by the swap counterparty with U.S. government securities. Collateral would be posted with a third-party custodian. As of June 30, 2013, the City is not adversely exposed to credit risk due to the negative fair value of the swap.

ii. *Basis Risk.* The swap exposes the City to basis risk should the relationship between LIBOR and the SIFMA Municipal Swap Index converge, potentially affecting the synthetic rate on the bonds. If a change occurs in which 68 percent of 1-month LIBOR is greater than the SIFMA swap index, the expected cost savings may be reduced. As of June 30, 2013, the SIFMA Municipal Swap Index rate was 0.07 percent, whereas 68 percent of 1-month LIBOR was 0.13 percent.

iii. *Termination Risk*. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City in the event that the swap counterparty's credit rating falls below investment grade (e.g., 'BBB' by Standard & Poor's or 'Baa' by Moody's). If the swap is terminated, the City would be exposed to interest rate risk. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

2. **City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Program), 2004 Series B.** As a result of a decline in interest rates since execution of the swap, the swap has a negative fair value of $3,912,168 as of June 30, 2013. The goal of the swap is to effectively fix the cost of debt over the term of the bonds, not for speculative purposes such as capturing the positive fair value at any point in time. The coupons on the City's variable-rate bonds adjust to changing interest rates, and therefore the bonds do not have a corresponding fair value increase. The fair value of the swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

   a. *Objectives*. As a means to fix its borrowing costs, in June 2007 the City entered into a floating-to-fixed interest rate swap in connection with its $23,975,000 City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Program), 2004 Series B. The intention of the swap was to effectively change the City's variable interest rate on the bonds to an expected synthetic fixed rate of 4.017 percent. The contract provides that the City of Oxnard pay a fixed interest rate of 4.017 percent to the swap counterparty, the Royal Bank of Canada, in exchange for receiving a variable interest rate based upon 68 percent of the 1-month London Interbank Offered Rate (LIBOR). The swap is consistent with the guidelines contained within the City of Oxnard Master Swap Policy adopted on November 21, 2006.

b. _Terms_. The bonds and the related swap agreement mature on June 1, 2034, and as of June 30, 2013 the swap's notional amount of $19,650,000 matches the $19,650,000 in variable-rate bonds. The swap was entered into in June 2007 and terminates at the same time that the bonds mature (June 2034). The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. Pursuant to the swap agreement, the City pays the counterparty a fixed payment of 4.017 percent and receives a variable payment computed as 68 percent of 1-month LIBOR. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index.

c. _Risks._ The following represent the applicable risks that could give rise to financial loss:

    i. *Credit Risk.* The swap counterparty carries a senior debt rating of 'Aa3' by Moody's and "AA-" by Standard & Poor's as of June 30, 2013. To mitigate the potential for credit risk, if the counterparty's credit quality falls below 'AA-' by Standard & Poor's or 'Aa' by Moody's, then the fair value of the swap will be collateralized by the swap counterparty with U.S. government securities. Collateral would be posted with a third-party custodian. As of June 30, 2013, the City is not adversely exposed to credit risk due to the negative fair value of the swap.

    ii. *Basis Risk.* The swap exposes the City to basis risk should the relationship between LIBOR and the SIFMA Municipal Swap Index converge, potentially affecting the synthetic rate on the bonds. If a change occurs in which 68 percent of 1-month LIBOR is greater than the SIFMA swap index, the expected cost savings may be reduced. As of June 30, 2013, the SIFMA Municipal Swap Index rate was 0.07 percent, whereas 68 percent of 1-month LIBOR was 0.13 percent.

    iii. *Termination Risk.* The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City in the event that the swap counterparty's credit rating falls below investment grade (e.g., 'BBB' by Standard & Poor's or 'Baa' by Moody's). If the swap is terminated, the City would be exposed to interest rate risk. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

3. **City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds 2003 Series B.** As a result of a decline in interest rates since execution of the swap, the swap has a negative fair value of $2,314,071 as of June 30, 2013. The goal of the swap is to effectively fix the cost of debt over the term of the bonds, not for speculative purposes such as capturing the positive fair value at any point in time. The coupons on the City's variable-rate bonds adjust to changing interest rates, and therefore the bonds do not have a corresponding fair value increase. The fair value of the swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

   a. *Objectives*. As a means to fix its borrowing costs, in June 2007 the City entered into a floating-to-fixed interest rate swap in connection with its $14,750,000 City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds 2003 Series B. The intention of the swap was to effectively change the City's variable interest rate on the bonds to an expected synthetic fixed rate of 4.037 percent. The contract provides that the City of Oxnard pay a fixed interest rate of 4.037 percent to the swap counterparty, the Royal Bank of Canada, in exchange for receiving a variable interest rate based upon 68 percent of the 1-month London Interbank Offered Rate (LIBOR). The swap is consistent with the guidelines contained within the City of Oxnard Master Swap Policy adopted on November 21, 2006.

   b. *Terms*. The bonds and the related swap agreement mature on June 1, 2033, and as of June 30, 2013 the swap's notional amount of $11,145,000 matches the $11,145,000 in variable-rate bonds. The swap was entered into in June 2007 and terminates at the same time that the bonds mature (June 2033). The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. Pursuant to the swap agreement, the City pays the counterparty a fixed payment of 4.037 percent and receives a variable payment computed as 68 percent of 1-month LIBOR. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index.

   c. *Risks.* The following represent the applicable risks that could give rise to financial loss:

      i. *Credit Risk.* The swap counterparty carries a senior debt rating of 'Aa3' by Moody's and "AA-" by Standard & Poor's as of June 30, 2013. To mitigate the potential for credit risk, if the counterparty's credit quality falls below 'AA-' by Standard & Poor's or 'Aa' by Moody's, then the fair value of the swap will be collateralized by the swap counterparty with U.S. government securities. Collateral would be posted with a third-party custodian. As of June 30, 2013, the City is not adversely exposed to credit risk due to the negative fair value of the swap.

ii. *Basis Risk.* The swap exposes the City to basis risk should the relationship between LIBOR and the SIFMA Municipal Swap Index converge, potentially affecting the synthetic rate on the bonds. If a change occurs in which 68 percent of 1-month LIBOR is greater than the SIFMA swap index, the expected cost savings may be reduced. As of June 30, 2012, the SIFMA Municipal Swap Index rate was 0.07 percent, whereas 68 percent of 1-month LIBOR was 0.13 percent.

iii. *Termination Risk*. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City in the event that the swap counterparty's credit rating falls below investment grade (e.g., 'BBB' by Standard & Poor's or 'Baa' by Moody's). If the swap is terminated, the City would be exposed to interest rate risk. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Hedging derivatives instrument payments and hedged debt

As of June 30, 2013, debt service requirements of the City's variable-rate debt and net receipts/payments on associated hedging derivatives are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rate of hedging derivative instruments will remain the same for their term. As interest rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Fiscal Year Ending 30-Jun	Principal	Interest	Hedging Derivatives, Net	Total
2014	$ 1,950,000	$ 129,175	$ 1,846,977	$ 3,926,152
2015	2,005,000	124,300	1,776,309	3,905,609
2016	2,070,000	119,288	1,703,666	3,892,953
2017	2,135,000	114,113	1,628,693	3,877,806
2018	2,200,000	108,775	1,551,367	3,860,142
2019	2,275,000	103,275	1,471,710	3,849,985
2020	2,340,000	97,588	1,389,347	3,826,935
2021	2,005,000	91,738	1,304,680	3,401,418
2022	2,075,000	86,725	1,232,751	3,394,476
2023	2,140,000	81,538	1,158,328	3,379,866
2024	2,215,000	76,188	1,081,600	3,372,787
2025	2,280,000	70,650	1,002,188	3,352,838
2026	2,355,000	64,950	920,471	3,340,421
2027	2,430,000	59,063	836,096	3,325,159
2028	2,510,000	52,988	749,063	3,312,050
2029	2,590,000	46,713	659,183	3,295,896
2030	2,675,000	40,238	566,456	3,281,694
2031	2,765,000	33,550	470,718	3,269,268
2032	2,845,000	26,638	371,780	3,243,418
2033	2,935,000	19,525	270,021	3,224,546
2034	2,285,000	12,188	165,062	2,462,250
2035	1,270,000	6,475	84,952	1,361,427
2036	1,320,000	3,300	43,296	1,366,596
Total	**$ 51,670,000**	**$ 1,568,981**	**$ 22,284,714**	**$ 75,523,692**

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and financings. Liabilities were calculated for the issues and rebate payments were made as appropriate.

Debt Service

The annual debt service requirements are shown below for all long-term debt:

	Governmental Activities		Business - Type Activities	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**
2014	$ 3,759,050	$ 2,794,711	$ 11,933,879	$ 19,377,808
2015	3,872,529	2,656,069	12,459,900	18,868,533
2016	3,893,065	2,513,872	11,980,415	18,307,869
2017	3,137,585	2,394,357	9,796,849	17,789,708
2018	2,670,268	2,230,836	10,224,140	17,354,361
2019-2023	12,743,386	9,677,861	54,488,702	79,331,662
2024-2028	14,287,381	7,089,961	67,080,000	63,857,743
2029-2033	14,895,000	4,191,016	87,755,000	43,825,922
2034-2038	11,325,000	1,127,754	52,154,998	20,233,947
2039-2042	-	-	46,555,000	2,571,447
Totals	**$ 70,583,263**	**$ 34,676,437**	**$ 364,428,884**	**$ 301,519,000**

	Gas Tax Revenue Cert. of Participation Issued 2008		Water Revenue Refunding Bonds Series 2012	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**
2014	$ 580,000	$ 1,133,650	$ 400,000	$ 333,819
2015	600,000	1,107,050	410,000	325,819
2016	630,000	1,079,450	415,000	313,519
2017	655,000	1,050,475	430,000	301,069
2018	690,000	1,020,300	445,000	288,169
2019-2023	3,895,000	4,650,840	2,480,000	1,174,195
2024-2028	4,795,000	3,682,361	3,000,000	655,145
2029-2033	5,980,000	2,500,038	1,375,000	85,594
2034-2038	7,510,000	855,063	-	-
Totals	$ 25,335,000	$ 17,079,227	$ 8,955,000	$ 3,477,329

	Water Revenue Project Bonds Series 2006		Water Revenue Project Bonds Series 2004	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**
2014	$ 965,000	$ 2,461,635	$ 1,150,000	$ 1,874,154
2015	1,015,000	2,413,385	1,190,000	1,833,904
2016	1,060,000	2,370,248	1,235,000	1,789,874
2017	1,105,000	2,322,548	1,285,000	1,742,944
2018	1,150,000	2,275,585	1,335,000	1,693,150
2019-2023	6,650,000	10,498,320	7,660,000	7,470,250
2024-2028	8,365,000	8,783,188	9,775,000	5,354,000
2029-2033	13,185,000	6,384,499	12,480,000	2,652,750
2034-2038	16,894,998	1,865,500	2,880,000	143,999
Totals	$ 50,389,998	$ 39,374,908	$ 38,990,000	$ 24,555,025

	Wastewater Revenue Bonds Series 2004 A		2012 Lease Purchase	
Fiscal Year	Principal	Interest	Principal	Interest
2014	$ -	$ 4,087,725	$ 295,693	$ 185,124
2015	-	4,087,725	307,210	174,657
2016	-	4,087,725	318,123	163,782
2017	-	4,087,725	328,710	152,520
2018	-	4,087,725	343,958	140,884
2019-2023	12,840,000	19,817,375	1,683,425	525,011
2024-2028	26,055,000	14,750,125	1,952,381	212,016
2029-2033	33,350,000	7,450,725	-	-
2034-2038	7,755,000	407,318	-	-
Totals	$ 80,000,000	$ 62,864,168	$ 5,229,500	$ 1,553,994

	Wastewater Revenue Refunding Bonds - Series 2003		Wastewater Revenue Bonds Series 2006	
Fiscal Year	Principal	Interest	Principal	Interest
2014	$ 2,595,000	$ 1,073,562	$ 280,000	$ 515,530
2015	2,730,000	937,325	295,000	504,330
2016	2,875,000	794,000	305,000	492,530
2017	3,015,000	650,250	315,000	480,330
2018	3,170,000	499,500	330,000	466,942
2019-2023	6,820,000	515,751	1,880,000	2,105,288
2024-2028	-	-	2,350,000	1,640,206
2029-2033	-	-	2,980,000	1,005,250
2034-2038	-	-	2,175,000	221,000
Totals	$ 21,205,000	$ 4,470,388	$ 10,910,000	$ 7,431,406

	Solid Waste Revenue Refunding Bonds Series 2005		Adjustable Lease Revenue Bonds Series 2003 B		
Fiscal Year	Principal	Interest	Principal	Interest	Swap Interest *1
2014	$ 2,275,000	$ 308,250	$ 420,000	$ 449,924	$ 435,280
2015	2,390,000	194,500	430,000	432,968	418,880
2016	1,500,000	75,000	440,000	415,609	402,084
2017	-	-	455,000	397,846	384,900
2018	-	-	470,000	379,478	367,128
2019-2023	-	-	2,555,000	1,601,883	1,549,748
2024-2028	-	-	2,960,000	1,054,463	1,020,152
2029-2033	-	-	3,415,000	421,059	407,352
2034-2038	-	-	-	-	-
Totals	$ 6,165,000	$ 577,750	$ 11,145,000	$ 5,153,230	$ 4,985,524

	Lease Revenue Refunding Bonds Series 2003 A		Variable Rate Demand Lease Revenue Bonds Series 2006		
Fiscal Year	Principal	Interest	Principal	Interest	Swap Interest *1
2014	$ 1,655,000	$ 197,805	$ 590,000	$ 736,888	$ 709,464
2015	1,715,000	136,570	610,000	716,061	689,412
2016	1,785,008	71,400	635,000	694,528	668,680
2017	-	-	655,000	672,112	647,100
2018	-	-	680,000	648,990	624,836
2019-2023	-	-	3,810,000	2,866,008	2,759,348
2024-2028	-	-	4,580,000	2,141,121	2,061,440
2029-2033	-	-	5,500,000	1,269,919	1,222,652
2034-2038	-	-	3,815,000	272,691	262,540
Totals	$ 5,155,008	$ 405,775	$ 20,875,000	$ 10,018,318	$ 9,645,472

	Series 2010A		Series 2004 B		
Fiscal Year	Principal	Interest	Principal	Interest	Swap Interest *1
2014	$ 1,300,000	$ 670,325	$ 940,000	$ 789,341	$ 763,524
2015	1,340,000	631,325	965,000	751,581	727,000
2016	1,410,000	564,325	995,000	712,817	689,504
2017	1,460,000	507,925	1,025,000	672,848	650,844
2018	1,535,000	434,925	1,050,000	631,673	611,016
2019-2023	6,940,000	938,350	4,470,000	2,549,790	2,466,400
2024-2028	-	-	4,250,000	1,717,669	1,661,492
2029-2033	-	-	4,895,000	813,844	787,228
2034-2038	-	-	1,060,000	42,578	41,188
Totals	$ 13,985,000	$ 3,747,175	$ 19,650,000	$ 8,682,141	$ 8,398,196

	Water Revenue Project Bonds Series 2010B		Golf Course Lease Revenue Bonds Series 2011	
Fiscal Year	Principal	Interest	Principal	Interest
2014	$ -	$ 5,786,173	$ 260,000	$ 1,093,845
2015	-	5,786,173	290,000	1,086,045
2016	-	5,786,173	330,000	1,075,895
2017	-	5,786,173	370,000	1,065,995
2018	-	5,786,173	410,000	1,051,195
2019-2023	-	28,930,865	2,815,000	4,947,626
2024-2028	8,420,000	26,792,083	4,435,000	4,144,042
2029-2033	12,800,000	22,667,170	6,690,000	2,766,090
2034-2038	15,895,000	16,905,240	5,495,000	648,312
2039-2042	46,555,000	2,571,447	-	-
Totals	$ 83,670,000	$ 126,797,670	$ 21,095,000	$ 17,879,045

	2004 Capital Fund Revenue Bonds Housing Authority	
Fiscal Year	Principal	Interest
2014	$ 270,000	$ 170,835
2015	280,000	160,170
2016	295,000	148,690
2017	310,000	136,300
2018	320,000	122,970
2019-2023	1,860,000	381,660
2024-2028	430,000	21,285
Totals	$ 3,765,000	$ 1,141,910

	2009 Master Equipment Lease Purchase		Purchase Agreement Issue 2008	
Fiscal Year	Principal	Interest	Principal	Interest
2014	$ 1,368,921	$ 229,308	$ 348,317	$ 74,626
2015	1,402,368	184,922	362,851	60,092
2016	1,267,355	141,224	377,992	44,952
2017	1,131,960	127,826	393,764	29,179
2018	555,255	44,788	410,195	12,750
2019-2022	873,663	36,311	-	-
Totals	$ 6,599,522	$ 764,379	$ 1,893,119	$ 221,599

*1 Variable rate used was LIBOR rate as of June 30, 3013.

Management believes the City complies with all significant covenants related to its debt issues as of June 30, 2013.

Special Assessment Bonds

There are various 1915 Act Improvement Districts and Mello-Roos Community Facilities Districts within the City, which have issued special assessment or special tax debt. The debt is secured by liens of special assessments or special taxes on the properties in the districts and is paid by the property owners. The City is not liable under any circumstance for the repayment of the debt, but is only acting as agent for the property owners in collecting the assessments and special taxes, forwarding the collections to fiscal agents to pay the bondholders, and initiating foreclosure proceedings when appropriate.

Accordingly, such special assessment debt is not reflected in the accompanying basic financial statements. Special assessment debt outstanding at June 30, 2013 is as follows:

Rice Avenue/Highway 101 Assessment District: Local Obligation Revenue Bonds (2012 Special District Bond Refinancing to refund 1915 Act Limited Obligation Bonds).	$	11,835,000
Rose Avenue/Highway 101 Assessment District: 1915 Act Improvement Bonds issued November 1, 1996; original amount $8,560,000; average rate of 5.50%; maturing in 2016		2,500,000
City of Oxnard Community Facilities District I (Westport): Local Obligation Revenue Bonds (2012 Special District Bond Refinancing to refund CFD No. 2000-3 Bonds).		8,750,000
City of Oxnard Community Facilities District 88-1:		230,000
Oxnard Boulevard Interchange Community Facilities District 2000-03: Local Obligation Revenue Bonds (2012 Special District Bond Refinancing to refund CFD No. 1 Bonds).		7,980,000
Oxnard Boulevard/Highway 101 Interchange Assessment District 2000-01: 1915 Act Improvement Limited Obligation Bonds issued on August 14, 2003; original amount $2,335,000; interest rate varies; the maximum rate of 6.15%; maturing in 2033		1,965,000
Community Facilities District No. 3 - Seabridge/Mandalay Bay		30,810,000
Total	**$**	**64,070,000**

III. Defined Benefit Pension Plans and Other Post Employment Benefits

A. Retirement Plan Description

The City contributes to the California Public Employees' Retirement System ("PERS"), a multiple-employer, public employee defined benefit plan, which acts as a common investment and administrative agent for participating public entities within the State of

California. The City's membership is reported within three plans classified into two categories: safety members (police and fire) and miscellaneous members (all other regular employees). The City's payroll for employees covered by PERS for the year ended June 30, 2013, was $83,461,612; the City's total payroll was $101,510,481. PERS issues a separate comprehensive annual financial report. Copies of PERS annual financial report may be obtained from the PERS Executive Office, 400 "P" Street, Sacramento, CA 95814 or from the PERS website http://www.calpers.ca.gov.

All personnel are eligible to participate in PERS, becoming vested after five years of service. Employees who retire at or after age 50 with five years of credited service are entitled to retirement benefits. Monthly retirement benefits are payable for life in an amount equal to a specified percentage as follows:

Miscellaneous Employees	2% at age 55
(ranging from 1.426 percent for employees who retire at age 50 to 2.418 percent for employees who retire at age 63 or over)	
Miscellaneous Employees under PEPRA	2% at age 62
Police Employees	3% at age 50
Police Employees under PEPRA	2.7% at age 57
Fire employees	3% at age 55
Fire employees under PEPRA	2.7% at age 57

The benefits are calculated at the highest consecutive 12 months for miscellaneous employees and safety employees.

Required employee contributions to PERS are 7 percent of compensation for miscellaneous employees and 9 percent of compensation for safety employees, which the City currently pays for regular employees. Under the California Public Employees' Pension Reform Act of 2013 (PEPRA), for new employees hired on or after January 1, 2013, the required employee contributions to PERS are 6.75 percent of compensation for miscellaneous employees, 15 percent of compensation for safety Police employees and 12.25 percent of compensation for safety Fire employees. The City is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration.

PERS uses a modification of the entry age normal actuarial cost method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued.

Annual Pension Cost

For Fiscal Year 2012-2013, the City's annual pension cost (APC) of $24,986,509 for PERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2011 actuarial assumptions, using the entry age normal cost method.

Significant actuarial assumptions across all three plans included (1) 7.50% investment rate of return (net of administrative expenses), (2) projected annual salary increases ranging from 3.3% to 14.2% depending on age, service and type of employment, (3) 3% per year across-the-board real salary increases, and (4) inflation of 2.75%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period. In addition, actuarial gains/losses in any given year are amortized over a thirty year period. PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

Trend Information by Plan

	Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Police	2011	$ 9,547,444	100%	$ -
Police	2012	10,741,912	100%	-
Police	2013	11,069,994	100%	-
Fire	2011	$ 3,713,081	100%	$ -
Fire	2012	4,340,053	100%	-
Fire	2013	4,296,252	100%	-
Miscellaneous	2011	$ 9,071,291	100%	$ -
Miscellaneous	2012	9,589,913	100%	-
Miscellaneous	2013	9,620,263	100%	-

Contributions to PERS for the Fiscal Year ended June 30, 2013, are shown below:

	City Contributions	**Employee Contributions**	**Total**
Safety employees:			
Police	$ 8,876,032	$ 2,193,962	$ 11,069,994
Fire	3,408,698	887,554	4,296,252
Total safety employees	12,284,730	3,081,516	15,366,246
Miscellaneous employees	6,174,972	3,445,291	9,620,263
Total	**$ 18,459,702**	**$ 6,526,807**	**$ 24,986,509**

Funded Status and Funding Progress

The funded status of each plan as of June 30, 2012, the most recent actuarial valuation is as follows (dollar amounts in thousands):

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
Police	$ 212,195	$ 258,372	$ 46,177	82.1%	$ 23,524	196.3%
Fire *	$ 9,854,788	$ 11,724,021	$ 1,869,233	84.1%	$ 947,735	197.2%
Miscellaneous	$ 299,531	$ 347,813	$ 48,282	86.1%	$ 49,497	97.5%

* Amounts reflect total risk pool valuations and liabilities.

Valuations as of June 30, 2012 are based on the following assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	15 Year Smoothed Market
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
	Individual Salary Growth A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Public Agency Retirement System Retirement Enhancement Plan

Plan Description

The City established a Public Agency Retirement System Retirement Enhancement Plan (PARS) effective January 1, 2003 for selected groups of miscellaneous employees (non-safety), Service Employees International Union (SEIU), International Union of Operating Engineers (IUOE), Management, and one of the two groups of Confidential employees. PARS is defined benefit 401 (a) tax-qualified multiple agency trust. It meets the requirements of a pension trust under California Government code. The plan provides supplemental retirement benefits in addition to PERS. Phase II Systems is the PARS Trust Administrator. For employees meeting the eligibility requirements, the plan provides a benefit equal to the “3% at 60” plan factor (formula is a static 3% at age 60 and older), less the PERS “2% at 55” plan factors for all years of City service plus any military service purchased through PERS (prior to July 1, 2003) while an employee of the City of Oxnard.

Eligibility for an immediate benefit is defined as reaching age 50, completing five years of Oxnard service, and retiring concurrently from both the City and PERS after leaving City employment. In addition, a deferred benefit would be available to participants who complete five years of service. The City has full discretionary authority to control, amend, modify or terminate this plan at any time.

Funding Policy

Employees and the City contribute a total of 8 percent of eligible employees' gross wages. Current employee and city contributions by employee groups are as follows:

	City Contributions	Employee Contributions
IUOE	2.7%	5.3%
SEIU	3.5%	4.5%
Management and confidential	3.0%	5.0%

In addition, the City is required to contribute the remaining amounts necessary to fund the benefit to its members using the actuarial basis recommended by PARS actuarial consultants. This contribution for the fiscal year ended June 30, 2013, was 7.80 percent of eligible employee gross wages. The City's payroll for employees covered by PARS for the year ended June 30, 2013, was $38,357,176. PARS issues a separate comprehensive annual financial report. Copies of PARS annual financial report may be obtained from the PARS Executive Office, 3961 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660.

PARS uses an entry age normal actuarial cost method, which is a projected benefit cost method. The actual value of assets used in the June 30, 2011 valuation is the investment gains or losses spread over a five year rolling period and not less than 80 percent nor more than 120 percent of the market value. The present value of plan benefits earned prior to the valuation date is called the actuarial liability. The present value of plan benefits to be earned after the valuation date is called the present value of future normal costs.

Annual Pension Costs

For fiscal year 2012-2013, the City's annual pension cost (APC) of $4,169,425, for PARS was equal to the City's required actual contribution. The required contribution was determined as part of the June 30, 2011, actuarial assumptions and retained the entry age actuarial cost method.

Contributions to PARS for the fiscal year ended June 30, 2013 are shown below:

	City Contributions	Employee Contributions	Total
Miscellaneous employees	$ 1,100,851	$ 3,068,574	$ 4,169,425

Trend Information

The three year trend for fiscal years ending June 30 is as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 4,194,952	100%	$ -
2012	$ 4,154,047	100%	-
2013	$ 4,169,425	100%	-

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 36% funded. The actuarial accrued liability for benefits was $71,388,000, and the actuarial value of assets was $32,859,000, resulting in an unfunded actuarial accrued liability (UAAL) of $38,529,000. The covered payroll (annual payroll of active employees covered by the plan) was $40,414,00, and the ratio of the UAAL to the covered payroll was 95.3%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability of benefits.

C. Early Retirement Incentive Plan

The City adopted through resolution number 13,893 a supplemental retirement plan to forty eight (48) eligible employees, this plan is administered by Phase II Systems, PARS Trust Administrator. The level of benefit is seven percent (7%) of the employee’s final base pay, payable through the employee’s lifetime, with an option of payment for five (5) to ten (10) years, at the employee’s election.

D. Post-employment Health Care Benefits

Plan Description

The City participates in the CALPERS medical program, which is a cost-sharing multiple employer defined benefit health care plan administered by CALPERS. Employees who retire from the City and receive a CalPERS pension are eligible for post employment medical benefits. Retirees can enroll in any of the available CalPERS medical plans. This benefit continues for the life of the retiree and surviving spouse.

Benefit provisions for CalPERS are established by the Public Employees Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.).

CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, California 95814.

Funding Policy

The City contributes the minimum amount allowed under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. The City's required monthly contribution for calendar year 2013 was $115.00. The required contribution is based on pay-as-you-go financing requirements. Retirees must contribute any premium amounts in excess of the City Contribution.

Annual OPEB Cost and Net OPEB Obligation

For fiscal 2012-2013 the City's annual OPEB cost of $1,339,137 was higher than the actual contribution. The City's annual OPEB cost, actual contribution, percentage of annual OPEB cost contributed, and the net OPEB obligation for the current year and prior fiscal year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	$ 1,599,856	$ 322,671	20.2%	$ 6,235,657
6/30/2012	$ 1,352,923	$ 412,537	30.5%	$ 7,176,043
6/30/2013	$ 1,339,137	$ 366,704	27.4%	$ 8,148,476

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

Actuarial accrued liability (AAL)	$ 12,772,079
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 12,772,079
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	$ 82,501,012
UAAL as a percentage of covered payroll	15.481%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as RSI following the notes to the financial statements.

IV. Risk Management

All funds of the City participate in general liability and workers' compensation insurance programs and make payments to internal service funds on the basis of loss experience and exposure. The total unpaid claims and claims adjustment expense liability (long-term obligations) of $14,667,793 recorded at June 30, 2013, is based on results of actuarial studies and includes an estimate for claims incurred but not reported at the balance sheet date. Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of payouts, and other economic and societal factors. General liability and workers' compensation liabilities are carried at present value using a discount rate of 3.5 percent. In addition, the City is in compliance with the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated.

A. General Liability

The City is self-insured for general liability claims up to $1,000,000. The City is covered through Big Independent Cities Excess Pool (BICEP) for claims between $1,000,000 and $25,000,000. Self-insured general liability claims are administered through a third-party administrator, with the City Attorney's approval required for settlements over $15,000. Litigated claims are settled directly through the City Attorney's Office.

The City's contribution to BICEP for general liability coverage in Fiscal Year 2012-2013 was $591,468 which included a dividend credit of $66,675. During the past five-year period, the average claims filed each year for general liability amounted to 194 claims totaling $1,221,399 per year (an average of $6,296 per claim). In addition, there have been no insurance settlements that have exceeded the City's insurance coverage for each of the past three years. Information concerning the BICEP pooled liability insurance program can be obtained at 801 South Figueroa Street, Suite 1050, Los Angeles, CA 90017, telephone number (213) 896-8900.

The total unpaid claims and claims adjustment expense liability (long-term obligations) recorded at June 30, 2013 was $3,339,435. The following schedule presents the changes in self-insurance claims liabilities for the past two years:

	Public Liability and Property Damage	
	FY 12-13	FY 11-12
Unpaid claims and claims adjustment expenses-July 1	$ 3,721,307	$ 3,871,295
Incurred claims and claims adjustment expenses:		
Increase/decrease in provision for insured events	(601,837)	(149,988)
Increase/decrease in actuarially incurred but not reported claims (IBNR)	219,965	-
Total incurred claims and claims adjustment expenses	(381,872)	(149,988)
Unpaid claims and claims adjustment expenses-June 30	3,339,435	3,721,307
Claims and judgements due within one year	$ 2,316,272	$ 1,992,000

B. Workers' Compensation

The City is self-insured for workers' compensation claims up to $1,000,000. For claims over $1,000,000, the City has purchased excess workers' compensation insurance through BICEP. The claims are processed by a third party administrator similar to general liability claims.

Within the City's self-insured program for workers' compensation, there has been an average of 212 claims filed per year for the past five years, with an average of approximately $2,266,852 per year in total reported losses (an average of $15,395 per claim). In addition, there have been no insurance settlements that have exceeded the City's insurance coverage for each of the past three years.

The total unpaid claims and claims adjustment expense liability (long-term obligations) recorded at June 30, 2013 was $11,328,358.

The following schedule presents the changes in self-insurance claims liabilities for the past two years:

	Worker's Compensation	
	FY 12-13	FY 11-12
Unpaid claims and claims adjustment expenses-July 1	$ 8,216,393	$ 8,164,105
Incurred claims and claims adjustment expenses:		
Increase/decrease in provision for insured events	2,893,499	52,288
Increase/decrease in actuarially incurred but not reported claims (IBNR)	218,466	-
Total incurred claims and claims adjustment expenses	3,111,965	52,288
Unpaid claims and claims adjustment expenses-June 30	11,328,358	8,216,393
Claims and judgements due within one year	$ 4,231,808	$ 3,239,975

V. Other Information

A. Commitments and Contingencies

There are various lawsuits and claims pending against the City. In the opinion of the City Attorney and management, none of these cases except as discussed below, nor the aggregate thereof, represents any substantial exposure to the City. At June 30, 2013 the City has recorded a general litigation reserve of $1,000,000 to cover any potential exposure, which has been recorded within self-insurance claims liabilities in the accompanying basic financial statements.

There is one case that is pending where the exposure has been determined to most likey exceed the City's $1,000,000 reserve, the amount of the exposure cannot be determined at this time.

The City has received several Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Based upon prior experience, the City believes such disallowance, if any, would be immaterial.

B. Subsequent Event

Issuance of $27,870,000 Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard 2013 Special Tax Refunding Bonds.

On August 8, 2013, the City issued bonds in the aggregate amount of $27,870,000 ("2013 Bonds") to refund the outstanding Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard Special Tax Bonds ("2005 Bonds") and pay costs of issuance of the 2013 Bonds. The 2005 Bonds were issued by the City of November 15, 2005, in the aggregate principal amount of $32,275,000, of which #30,810,000 was outstanding as of June 30, 2013. The 2013 Bonds were sold as a private placement to Bank of Nevada/Western Alliance Bancorporation.

Issuance of $21,384,064 City of Oxnard Financing Authority Wastewater Revenue Refunding Bonds, Series 2013

On October 30, 2013, the City issued bonds in the aggregate amount of $21,384,064 to refund $21,205,000 in outstanding wasterwater bonds issued on March 1, 2003 in the aggregate principal amount of $43,785,000, and pay costs of issuance. These bonds were sold as a private placement to Capital One Public Funding, LLC.

Repayment of Loans to the Former Community Development Commission

The Recognized Obligation Payment Schedule (ROPS) 13-14B covering the period of January 1, 2014 – June 30, 2014 approved on September 10, 2013 by Successor Agency included repayment of loans made to the former CDC with a combined value of $10.7 million including accrued interest. On September 19, the Oversight Board reviewed the ROPS and removed the repayment of these loans pending further review of the loan documents. It is the Successor Agencies intent to include these loan repayments on the ROPS 14-15A.

Lease Agreements with Oxnard Fire Station, LLC for Fire Station 8.

On June 1, 2013, the City Council 1) conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing in consideration of the issuance of tax exempt revenue bonds with a principal amount not to exceed $15,750,000 by the California Municipal Finance Authority on behalf of Oxnard Fire Station Limited Liability Corporation (OFSLLC), an Arizona limited liability company whose sole member will be Community Finance Corporation, an Arizona non-profit corporation designated as an exempt organization under Section 501 of the Internal Revenue Code of 1986, for the purpose of developing a "turn-key" fire station. Such hearing constituted a public hearing under Section 6586.5 of the Government Code of the State of California; 2) adopted a resolution approving, authorizing, and directing execution of a site lease and a master lease for the purpose of TEFRA and approving the issuance of tax exempt revenue bonds with a principal amount not to exceed $15,750,000 in one or more series by the California Municipal Finance Authority; 3) authorized the allocation of additional Measure O Funds as required to meet the annual lease payments for Fire Station No. 8 consistent with the alternatives and options approved as part of the above recommendation and related project costs; and 4) authorized the allocation of Measure O Funds for the acquisition of the necessary Fire vehicles at an estimated cost of $1,193,748. The bonds are scheduled to be priced on December 18, 2013 contingent on favorable interest rates and demand. Otherwise, the bonds will be priced in January 2014. Annual lease payments will be based on the debt service on the bonds with a $1,372,459 maximum. The master leased also provides for “additional rent” for payment of fees and taxes.

Golf Fund Restructuring

On July 23, 2013, the City Council discussed the restructuring of certain aspects of the Golf Fund. Discussion included refunding the outstanding debt, converting the operating agreement with High Tide and Green Grass, Inc. to a lease, and reclassification of the fund to General Fund. While City Council did not approve the debt restructuring at that time, they requested that staff work with the operator on restructuring the current agreement to a lease and to develop a plan to reclass the Golf Fund to the General Fund. Staff is currently in discussion with the operator and will develop additional options for addressing the financial structure of the Golf Fund, including reclassifying to General Fund for Council consideration in February 2014.

C. Notes to the Financial Statements – Successor Agency

a. Reporting Entity

On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with AB 1X 26 as part of City resolution number 14135, to oversee the winding down of the agency's affairs and liquidation of the agency's assets effective February 1, 2012. AB 1484 essentially transferred authority over the successor agency to the oversight board, also established pursuant to AB 1X 26 and the California Department of Finance. Oversight Boards are composed of one member each appointed by the county board of supervisors, mayor, the largest special district by property tax share, the county supervisor of education, the Chancellor of the California Community Colleges, a public member appointed by the county board of supervisors and a member representing employees of the former redevelopment agency appointed by the mayor or chair of the county board of Supervisors.

Oversight boards direct the staff of the Successor Agency, have fiduciary responsibilities to holders of enforceable obligations, approves actions of the Successor Agency and establishes the Recognized Payment Obligation Payment Schedule.

b. Prior period adjustments

At July 1, 2012 the Successor Agency's cash and due from City of Oxnard balances were restated to correct errors in recording. The restatement consisted of the following:

Cash transferred to Housing Successor	$	6,964,573
Recognize Tax Allocation Bond surplus revenue		17,463
Book principal long-term loan from City of Oxnard for R-108 Downtown Project		304,572
Book interest of long-term loan from City of Oxnard for R-108 Downtown Project		43,274
Book principal long-term loan from City of Oxnard		3,433,466
Book interest of long-term loan from City of Oxnard		3,735,938
Recognize allowance for uncollectible - Oxnard Theater Lease Guarantee payment		61,300
To adjust receivable from former redevelopment		(1,040)
Total	$	14,559,546

c. Cash and Investments

Cash and cash equivalents and investments with fiscal agents of the Successor Agency are comprised of the following at June 30, 2013:

	Fair Value
Deposits and investments	$ 4,135,667
Investments with fiscal agents	10,937,313
Total	**$ 15,072,980**

Detail notes on cash and cash investments can be found on the City's Notes to the financial statement.

d. Payables

Accounts payable and other liabilities as of June 30, 2013 primarily consist of the following:

Due to vendors	$ 932,123
Accrued interest	646,770
Total	$ 1,578,893

e. Capital Assets

Changes in the Successor Agency's capital assets for the year-ended June 30, 2013 consisted of the following:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,221,289	$ -	$ -	$ 1,221,289
Construction in progress	15,491,722	-	-	15,491,722
Total capital assets, not being depreciated	**16,713,011**	**-**	**-**	**16,713,011**
Capital assets, being depreciated				
Buildings	905,636	-	-	905,636
Improvement other than buildings	46,919,371	-	-	46,919,371
Equipment and machinery	89,082	-	-	89,082
Total capital assets, being depreciated	**47,914,089**	**-**	**-**	**47,914,089**
Less accumulated depreciation for:				
Buildings	(418,654)	(27,381)	-	(446,035)
Improvement other than buildings	(6,726,336)	(1,676,821)	-	(8,403,157)
Equipment and machinery	(88,084)	(299)	-	(88,383)
Total accumulated depreciation	**(7,233,074)**	**(1,704,501)**	**-**	**(8,937,575)**
Total capital assets, being depreciated, net	40,681,015	(1,704,501)	-	38,976,514
Total	**$ 57,394,026**	**$ (1,704,501)**	**$ -**	**$ 55,689,525**

f. Long-Term Obligations

The following is a summary of changes in the Successor Agency's long-term obligations for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within One Year
Tax allocation refunding bonds series 2004A	$ 13,975,000	-	$ 755,000	$ 13,220,000	$ 780,000
Tax allocation bond financing series 2006:	18,555,000	-	465,000	18,090,000	480,000
HERO project tax allocation bonds series 2008:	11,260,000	-	190,000	11,070,000	200,000
Total long-term indebtedness	$ 43,790,000	$ -	$ 1,410,000	$ 42,380,000	$ 1,460,000

Description of Long-term Debt

Tax Allocation Refunding Bonds, Series 2004A

Tax Allocation Refunding Bonds, Series 2004A were issued on May 4, 2004 in the amount of $19,185,000. These are twenty-two-year bonds with a net interest cost of 4.58 percent. The bonds were issued to refinance the Tax Allocation Refunding Bonds, Series 1994A and to finance additional redevelopment activities within the Central City Revitalization and Downtown Project Area. The balance outstanding as of June 30, 2013 is $13,220,000.

2006 Tax Allocation Bond Financings

Local Obligation Revenue Bonds (2006 Tax Allocation Bond Financings) in the amount of $20,530,000 were issued on December 1, 2006 to purchase the following obligations being issued simultaneously for 1) the Oxnard Community Development Commission Ormond Beach Project Area Tax Allocation Bonds, Series 2006 in the amount of $5,750,000, 2) the Oxnard Community Development Commission Southwinds Project Area Tax Allocation Bonds, Series 2006 in the amount of $3,290,000, and 3) the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2006 in the amount of $11,490,000. The bonds were issued to finance redevelopment activities (street improvement projects) in the Ormond Beach Project Area, Southwinds Project Area and the HERO Redevelopment Project Areas. These bonds carry a net interest cost of 4.424 percent, maturing on September 1, 2036. The outstanding balance as of June 30, 2013 is $18,090,000.

Tax Allocation Bonds, Series 2008

Tax Allocation Bonds, Series 2008 were issued on July 1, 2008 in the amount of $11,790,000 for the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area. Proceeds from the sale of bonds are to be used to finance a 500-space parking structure to service a mixed-use retail/commercial development located within the RiverPark Specific Plan Area. These bonds carry a net interest cost of 4.849 percent, with a final maturity of September 1, 2038. The outstanding balance as of June 30, 2013 is $11,070,000.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and financings. Liabilities were calculated for the issues and rebate payments were made as appropriate.

The Successor Agency is in compliance with all significant covenants related to its debt issues. The annual debt service requirements for the Successor Agency's long-term obligations are as follows:

	Tax Allocation Refunding Bonds 2004 A		Tax Allocation Bonds Series 2006		HERO Project Tax Allocation Bonds Series 2008	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2014	$ 780,000	$ 585,279	$ 480,000	$ 834,580	$ 200,000	$ 510,038
2015	810,000	555,459	495,000	817,363	215,000	501,738
2016	840,000	523,269	515,000	798,555	215,000	493,138
2017	870,000	488,525	540,000	778,808	220,000	483,338
2018	910,000	451,471	555,000	758,673	235,000	473,138
2019 - 2023	4,685,000	1,622,786	3,115,000	3,451,113	1,330,000	2,201,928
2024 - 2028	4,325,000	440,921	3,790,000	2,749,486	1,640,000	1,880,991
2029 - 2033			4,665,000	1,855,773	2,055,000	1,449,385
2034 - 2038			3,935,000	560,184	3,535,000	849,069
2038 - 2039					1,425,000	33,844
	$ 13,220,000	$ 4,667,708	$ 18,090,000	$ 12,604,535	$ 11,070,000	$ 8,876,604

g. Commitments and Contingencies

The Successor Agency is a defendant in various claims and legal actions arising in the normal course of operations. In the opinion of the Successor Agency Attorney and Oversight Board, the ultimate liability from such actions and claims will not have a material adverse effect on the Successor Agency's financial position or operations.

h. Subsequent Events

On September 10, 2013, the Successor Agency approved the Recognized Obligation Payment Schedule (ROPS) 13-14B covering the period of January 1, 2014 – June 30, 2014. On September 19, the Oversight Board reviewed ROPS and approved with certain changes. The primary change was to remove repayment of loans made to the former CDC with a combined value of $10.7 million including accrued interest. The Oversight Board has requested that the Successor Agency provide additional documentation on the loans. It is the Successor Agencies intent to include these loan repayments on the ROPS 14-15A.

On November 14, 2013, the California Department of Finance (DOF) issued its determination on the ROPS 13-14B, excluding certain amounts ($998,336) that were already included on the ROPS 13-14A, but included on 13-14B because of potential payment delays. In addition, the administrative allowance was reduced to $203,696 based on these adjustments.

On June 4, 2013, the Successor Agency received its Finding of Completion pursuant to Section 34179.7 of AB 26 as amended by AB 1484 (collectively the "Dissolution Act"). Once the DOF issues a Finding of Completion, pursuant to Section 34191.5(b) of the Dissolution Act, the Successor Agency is required to prepare a Long-Range Property Management Plan (Plan) that addresses the disposition and use of certain real properties of the former CDC. The Plan must be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency. On November 5, 2013, the Plan was approved by the Successor Agency and is scheduled for review by the Oversight Board November 21, 2013.

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Schedule of Funding Progress
For the Year Ended June 30, 2013
(Dollars in Thousands)

California Public Employee's Retirement System Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
Police						
6/30/10	$ 186,836	$ 230,263	$ 43,427	81.1%	$ 23,898	181.7%
6/30/11	$ 199,852	$ 241,155	$ 41,303	82.9%	$ 24,008	172.0%
6/30/12	$ 212,195	$ 258,372	$ 46,177	82.1%	$ 23,524	196.3%
Miscellaneous						
6/30/10	$ 272,189	$ 313,317	$ 41,128	86.9%	$ 52,770	77.9%
6/30/11	$ 286,637	$ 332,651	$ 46,014	86.2%	$ 49,433	93.1%
6/30/12	$ 299,531	$ 347,813	$ 48,282	86.1%	$ 49,497	97.5%

* Fire amounts reflect total risk pool valuations and liabilities.

Public Agency Retirement System Retirement Enhancement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
7/1/05	$ 7,357	$ 32,328	$ 24,971	22.76%	$ 33,043	75.57%
7/1/07	$ 16,294	$ 41,103	$ 24,809	39.64%	$ 42,159	58.85%
6/30/11	$ 32,859	$ 71,388	$ 38,529	46.00%	$ 40,114	95.30%

Required Supplementary Information
Schedule of Funding Progress
For the Year Ended June 30, 2013
(Dollars in Thousands)

Other Post Employment Benefit – CalPERS Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
7/1/07	$ -	$ 23,751	$ 23,751	0%	$ 86,730	27.4%
7/1/09	$ -	$ 11,081	$ 11,081	0%	$ 85,873	12.9%
7/1/11	$ -	$ 12,772	$ 12,772	0%	$ 82,501	15.5%

City of Oxnard, California
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes:				
Property	$ 40,198,000	$ 40,198,000	$ 41,224,088	$ 1,026,088
Sales	36,245,000	36,245,000	35,156,013	(1,088,987)
Transient occupancy	3,621,000	3,621,000	3,826,954	205,954
Business license (net of refund)	4,775,000	4,775,000	4,562,692	(212,308)
Franchise	3,558,000	3,558,000	3,842,351	284,351
Other taxes	515,000	515,000	748,284	233,284
Licenses and permits	1,984,000	1,984,000	1,862,813	(121,187)
Intergovernmental	13,050,956	13,050,956	13,127,768	76,812
Charges for services	11,023,518	11,023,518	8,710,647	(2,312,871)
Fines and forfeitures	653,000	653,000	487,297	(165,703)
Investment earnings	306,000	306,000	15,104	(290,896)
Miscellaneous	3,956,000	3,956,000	3,408,890	(547,110)
Total revenues	119,885,474	119,885,474	116,972,901	(2,912,573)
EXPENDITURES				
General government:				
Legislative				
City council	343,327	343,327	336,910	6,417
City treasurer	1,173,964	1,173,964	1,189,011	(15,047)
City clerk	418,125	418,125	586,305	(168,180)
Administrative and support services				
City manager	1,557,120	1,677,120	1,574,816	102,304
City attorney	1,463,006	1,463,006	1,321,386	141,620
Financial services	3,426,077	3,426,077	3,154,562	271,515
Human resources	965,090	965,090	1,150,120	(185,030)
Non-departmental	1,204,481	1,307,703	749,695	558,008
Public safety:				
Police	51,729,240	53,590,027	51,705,477	1,884,550
Fire	14,880,400	15,225,057	16,885,807	(1,660,750)
Transportation	4,645,333	4,929,257	4,032,023	897,234
Community development:				
Development services	5,421,654	5,421,654	5,218,285	203,369
Economic development and tourism service	912,748	912,748	908,351	4,397
Housing services	195,492	195,492	298,113	(102,621)
Community services	3,355,628	3,559,901	2,735,021	824,880
Culture and leisure:				
Recreation services	4,456,564	4,606,190	4,464,240	141,950
Park and public grounds	8,286,124	8,326,124	7,879,564	446,560
Library services	4,272,386	4,347,386	4,305,466	41,920
Capital outlay	775,000	11,867,185	7,198,960	4,668,225
Total expenditures	109,481,759	123,755,433	115,694,112	8,061,321
Excess (deficiency) of revenues over expenditures	10,403,715	(3,869,959)	1,278,789	5,148,748
Other financing sources (uses)				
Transfers in	37,000	37,000	132,580	95,580
Transfers out	(5,429,175)	(5,530,060)	(5,424,980)	105,080
Net other financing sources (uses)	(5,392,175)	(5,493,060)	(5,292,400)	200,660
Net change in fund balances	5,011,540	(9,363,019)	(4,013,611)	5,349,408
Fund balances, July 1	33,760,051	33,760,051	33,760,051	-
Prior period adjustment	-	-	2,468,605	-
Fund balances, June 30	**$ 38,771,591**	**$ 24,397,032**	**$ 32,215,045**	**$ 5,349,408**

Notes to Budgetary Comparison Schedule:

Budgets are prepared on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

City of Oxnard
Federal & State Grants Special Revenue Funds
Budgetary Comparison Schedule
For Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES				
Intergovernmental	$ 2,310,101	$ 22,565,978	$ 15,950,090	$ (6,615,888)
Fines and forfeitures	-	-	196,546	196,546
Interest	-	-	16,057	16,057
Miscellaneous	-	98,116	284,837	186,721
Total revenues	2,310,101	22,664,094	16,447,530	(6,216,564)
EXPENDITURES				
Current:				
General government	-	-	1,758	(1,758)
Public safety	-	9,220,125	3,144,071	6,076,054
Transportation	-	-	35	(35)
Community Development	2,244,445	7,015,005	3,237,289	3,777,716
Culture and leisure	140,067	222,115	206,529	15,586
Library Services	-	89,596	29,525	60,071
Capital Outlay	-	18,798,853	9,418,671	9,380,182
Total expenditures	2,384,512	35,345,694	16,037,878	19,307,816
Excess of revenues over (under) expenditures	(74,411)	(12,681,600)	409,652	13,091,252
Other financing uses:				
Transfers in	85,658	100,885	100,885	-
Total other financing uses	85,658	100,885	100,885	-
Net changes in fund balances	11,247	(12,580,715)	510,537	13,091,252
Fund balances-July 1	(6,386,154)	(6,386,154)	(6,386,154)	-
Prior period adjustment	-	-	62,598	-
Fund balances-June 30	**$ (6,374,907)**	**$ (18,966,869)**	**$ (5,813,019)**	**$ 13,091,252**

Notes to Budgetary Comparison Schedule:

Budgets are prepared on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

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SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

OXNARD
CALIFORNIA

Non-Major Governmental Funds
Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than capital projects funds) that are legally restricted to expenditures for particular purposes.

Development Fees Fund – This fund includes fees that the City collects on new development to provide resources for special projects such as parks, storm drainage facilities, traffic improvements, utility undergrounding and community developments.

HUD Home Loan Fund – This fund is used to account for federal entitlement that is used to provide housing loan to low/moderate income families.

CDBG Entitlement Fund – This fund is used to account for community development block grants to develop viable urban communities.

Public Safety Retirement Fund – This fund is used to account for voter-approved property tax for public safety uniformed employees' retirement.

Debt Service Fund – This fund accounts for the accumulation of resources and payments of principal and interest of the City's general long-tem debt.

Capital Outlay Fund – This fund accounts for financing and construction of general government capital projects.

Community Development Commission Fund – This fund accounts for tax increments collected.

Housing Successor Fund – This fund accounts for Low & Moderate Housing assets.

Tax Increments Fund – This fund accounts for Cooperation Agreement transactions.

State Gas Tax Fund – This fund is used to account for the allocated share of Gas Tax Revenue. Spending of gas tax is legally restricted to be used for maintenance and improvement of public streets.

Traffic Safety Fund – This fund is used to account for shared revenues received from fines and forfeitures under the State of California Vehicle Code. Fund is restricted to be expended only for improvement and maintenance of traffic control equipment/devices.

Transportation Development Fund – This fund is used to account for Transportation Development Act revenues and to be used for street maintenance and road improvements, and construction of pedestrian and bike facilities.

Maintenance Assessment District – This fund is used to account for assessment revenues and expenditures related to waterways and landscape maintenance of various district areas in the City.

City of Oxnard, California
Combining Balance sheet
Non-Major Governmental Funds
June 30, 2013

	Development Fees Fund	HUD and CDBG Grants Fund	Public Safety Retirement	Debt Service Fund	Capital Outlay Fund	Housing Successor
ASSETS						
Cash and cash equivalents	$ 11,257,180	$ -	$ 5,743,522	$ 157,775	$ 2,676,404	$ 2,553,967
Investments with fiscal agents	-	-	-	1,768,904	3,442,005	-
Accounts and other receivables	123,374	5,625,249	-	-	-	-
Notes receivable	650,000	-	-	-	-	2,050,000
Due from other funds	5,254,727	-	-	-	-	-
Due from other government	-	-	278,616	-	-	-
Due from Successor Agency	-	-	-	-	-	1,906,219
Properties held for resale	-	-	-	-	-	104,736
Total assets	**$ 17,285,281**	**$ 5,625,249**	**$ 6,022,138**	**$ 1,926,679**	**$ 6,118,409**	**$ 6,614,922**
LIABILITIES						
Accounts payable	$ 889,262	$ 113,985	$ -	$ -	$ 368,208	$ 253,499
Other liabilities	167,288	83,004	382,034	-	-	-
Due to other funds	-	25,229	-	-	152,121	-
Unearned revenues	-	5,403,031	-	-	-	755,842
Total liabilities	1,056,550	5,625,249	382,034	-	520,329	1,009,341
FUND BALANCES						
Nonspendable:						
Property held for resale	-	-	-	-	-	104,736
Long-term receivable	-	-	-	-	-	3,200,377
Restricted for:						
Debt service	-	-	-	1,926,679	3,442,005	-
Public safety retirement	-	-	5,640,104	-	-	-
Assigned to:						
Capital projects	-	-	-	-	2,156,075	2,300,468
Other purposes	16,228,731	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	16,228,731	-	5,640,104	1,926,679	5,598,080	5,605,581
Total liabilities and fund balances	**$ 17,285,281**	**$ 5,625,249**	**$ 6,022,138**	**$ 1,926,679**	**$ 6,118,409**	**$ 6,614,922**

City of Oxnard, California
Combining Balance sheet
Non-Major Governmental Funds
June 30, 2013

State Gas Tax	Traffic Safety	Transportation Development Fund	Maintenance Assessment District Fund	Total Non-major Governmental Funds	
					ASSETS
$ 3,763,647	$ 42,929	$ 3,354,481	$ 14,557,987	$ 44,107,892	Cash and cash equivalents
2,110,978	-	-	-	7,321,887	Investments with fiscal agents
468	-	3,791	-	5,752,882	Accounts and other receivables
-	-	-	-	2,700,000	Notes receivable
-	-	-	-	5,254,727	Due from other funds
-	77,404	-	-	356,020	Due from other government
-	-	-	-	1,906,219	Due from Successor Agency
-	-	-	-	104,736	Properties held for resale
$ 5,875,093	**$ 120,333**	**$ 3,358,272**	**$ 14,557,987**	**$ 67,504,363**	**Total assets**
					LIABILITIES
$ 273,913	$ -	$ 148,558	$ 294,946	$ 2,342,371	Accounts payable
60,937	3,980	14,227	23,836	735,306	Other liabilities
-	-	-	-	177,350	Due to other funds
-	-	2,419,108	-	8,577,981	Unearned revenues
334,850	3,980	2,581,893	318,782	11,833,008	Total liabilities
					FUND BALANCES
					Nonspendable:
-	-	-	-	104,736	Property held for resale
-	-	-	-	3,200,377	Long-term receivable
					Restricted for:
-	-	-	-	5,368,684	Debt service
-	-	-	-	5,640,104	Public safety retirement
					Assigned to:
-	-	-	-	4,456,543	Capital projects
-	-	-	-	16,228,731	Other purposes
5,540,243	116,353	776,379	14,239,205	20,672,180	**Unassigned**
5,540,243	116,353	776,379	14,239,205	55,671,355	Total fund balances
$ 5,875,093	**$ 120,333**	**$ 3,358,272**	**$ 14,557,987**	**$ 67,504,363**	**Total liabilities and fund balances**

City of Oxnard, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2013

	Development Fees Fund	HUD and CDBG Grants Fund	Public Safety Retirement	Debt Service Fund	Capital Outlay Fund	Housing Successor
REVENUES						
Taxes	$ -	$ -	$ 13,924,166	$ -	$ -	$ -
Licenses and permits	839,489	-	-	-	-	-
Intergovernmental	-	4,339,567	-	-	-	-
Growth and development fees	1,828,294	-	-	-	-	-
Charges for services	-	-	-	-	16,921	-
Fines and forfeitures	-	-	-	-	-	-
Interest	(47,976)	-	(67,203)	(6,138)	18,386	26,824
Special assessments	-	-	-	-	-	-
Miscellaneous	328,050	-	-	-	-	109,036
Total revenues	2,947,857	4,339,567	13,856,963	(6,138)	35,307	135,860
EXPENDITURES						
Current:						
General government	180,113	-	-	-	-	-
Public safety	841,975	200,001	15,483,256	-	-	-
Transportation	465,577	-	-	-	-	-
Community Development	1,780,371	1,722,366	-	-	-	4,513,420
Culture and leisure	48,830	37,940	-	-	2,757	-
Capital outlay	11,781,540	2,379,260	-	-	1,602,865	286,545
Debt service:						
Principal	-	-	-	2,896,261	555,000	-
Bond issuance cost	-	-	-	45,002	-	-
Interest and fiscal charges	-	-	-	1,785,250	1,156,350	-
Total expenditures	15,098,406	4,339,567	15,483,256	4,726,513	3,316,972	4,799,965
Excess of revenues over (under) expenditures	(12,150,549)	-	(1,626,293)	(4,732,651)	(3,281,665)	(4,664,105)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	5,570,838	1,232,148	-
Bond premium	-	-	-	48,238	-	-
Payment to refunded debt escrow agent	-	-	-	(6,197,285)	-	-
Transfers in	-	-	-	5,335,663	-	-
Transfers out	(1,589,187)	-	-	-	(1,021,106)	-
Net other financing sources (uses)	(1,589,187)	-	-	4,757,454	211,042	-
Net change in fund balances	(13,739,736)	-	(1,626,293)	24,803	(3,070,623)	(4,664,105)
Fund balances, July 1	29,968,467	-	7,266,397	1,406,768	8,668,703	2,154,736
Prior period adjustment	-	-	-	495,108	-	8,114,950
Fund balances, June 30	**$ 16,228,731**	**$ -**	**$ 5,640,104**	**$ 1,926,679**	**$ 5,598,080**	**$ 5,605,581**

City of Oxnard, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2013

State Gas Tax	Traffic Safety	Transportation Development Fund	Maintenance Assessment Districts Fund	Total Non-major Governmental Funds	
					REVENUES
$ -	$ -	$ -	$ 1,560	$ 13,925,726	Taxes
-	-	-	-	839,489	Licenses and permits
4,720,976	-	602,216	-	9,662,759	Intergovernmental
-	-	-	-	1,828,294	Growth and development fees
429,190	-	18,554	-	464,665	Charges for services
-	293,255	-	-	293,255	Fines and forfeitures
32,981	-	17,173	(26,424)	(52,377)	Interest
-	-	-	7,971,903	7,971,903	Special assessments
3,274	-	183,588	41,422	665,370	Miscellaneous
5,186,421	293,255	821,531	7,988,461	35,599,084	Total revenues
					EXPENDITURES
					Current:
16,336	-	-	125,899	322,348	General government
-	343,398	-	2,586,688	19,455,318	Public safety
4,180,461	620	716,059	264,488	5,627,205	Transportation
214	-	-	-	8,016,371	Community Development
-	-	-	5,112,275	5,201,802	Culture and leisure
802,943	-	300,585	125,843	17,279,581	Capital outlay
					Debt service:
-	-	-	-	3,451,261	Principal
-	-	-	-	45,002	Bond issuance cost
-	-	-	-	2,941,600	Interest and fiscal charges
4,999,954	344,018	1,016,644	8,215,193	62,340,488	Total expenditures
186,467	(50,763)	(195,113)	(226,732)	(26,741,404)	Excess of revenues over (under) expenditures
					OTHER FINANCING SOURCES (USES)
-	-	-	-	6,802,986	Issuance of debt
-	-	-	-	48,238	Bond premium
-	-	-	-	(6,197,285)	Payment to refunded debt escrow agent
-	300,000	-	-	5,635,663	Transfers in
-	-	-	-	(2,610,293)	Transfers out
-	300,000	-	-	3,679,309	Net other financing sources (uses)
186,467	249,237	(195,113)	(226,732)	(23,062,095)	Net change in fund balances
5,353,776	(132,884)	971,492	14,465,937	70,123,392	Fund balances, July 1
-	-	-	-	8,610,058	Prior period adjustment
$ 5,540,243	**$ 116,353**	**$ 776,379**	**$ 14,239,205**	**$ 55,671,355**	Fund balances, June 30

City of Oxnard, California

Non-Major - Development Fees Special Revenue Funds

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2013

	Original Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Licenses and permits	$ 755,314	$ 755,314	$ 839,489	$ 84,175
Growth and development fees	1,808,100	1,808,100	1,828,294	20,194
Interest	478,720	478,720	(47,976)	(526,696)
Miscellaneous	405,100	405,100	328,050	(77,050)
Total revenues	3,447,234	3,447,234	2,947,857	(499,377)
EXPENDITURES				
General government	120,620	120,620	180,113	(59,493)
Public safety	796,006	796,006	841,975	(45,969)
Transportation	168,000	168,000	465,577	(297,577)
Community development	-	1,523,137	1,780,371	(257,234)
Culture and leisure	-	-	48,830	(48,830)
Capital Outlay	1,770,162	25,299,484	11,781,540	13,517,944
Total expenditures	2,854,788	27,907,247	15,098,406	12,808,841
Excess (deficiency) of revenues over expenditures	592,446	(24,460,013)	(12,150,549)	12,309,464
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,788,471)	(1,788,471)	(1,589,187)	199,284
Total other financing sources (uses)	(1,788,471)	(1,788,471)	(1,589,187)	199,284
Net change in fund balances	(1,196,025)	(26,248,484)	(13,739,736)	12,508,748
Fund balance, July 1	29,968,467	29,968,467	29,968,467	-
Fund balance, June 30	**$ 28,772,442**	**$ 3,719,983**	**$ 16,228,731**	**$ 12,508,748**

City of Oxnard
Non-Major - CDBG & HUD
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budgeted Amount	Actual Amount	Variance with Final Budget
REVENUES				
Intergovernmental	$ 3,071,307	$ 3,071,307	$ 4,339,567	$ 1,268,260
Total revenues	3,071,307	3,071,307	4,339,567	1,268,260
EXPENDITURES				
Public safety	200,000	200,000	200,001	(1)
Community Development	1,355,953	2,055,290	1,722,366	332,924
Culture and leisure	37,940	37,940	37,940	-
Capital Outlay	1,477,414	3,083,555	2,379,260	704,295
Total expenditures	3,071,307	5,376,785	4,339,567	1,037,218
Excess(deficiency) of revenues over (under) expenditures	-	(2,305,478)	-	2,305,478
Net change in fund balances	-	(2,305,478)	-	2,305,478
Fund balances-July 1	-	-	-	-
Fund balances-June 30	**$ -**	**$ (2,305,478)**	**$ -**	**$ 2,305,478**

City of Oxnard, California
Non-Major - Public Safety Retirement
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 13,516,600	$ 13,516,600	$ 13,924,166	$ 407,566
Investment income	-	-	(67,203)	(67,203)
Total revenues	13,516,600	13,516,600	13,856,963	340,363
EXPENDITURES				
Public safety	15,878,249	15,878,249	15,483,256	394,993
Total expenditures	15,878,249	15,878,249	15,483,256	394,993
Excess (deficiency) of revenues over (under) expenditures	(2,361,649)	(2,361,649)	(1,626,293)	735,356
Net change in fund balances	(2,361,649)	(2,361,649)	(1,626,293)	735,356
Fund balance, July 1	7,266,397	7,266,397	7,266,397	-
Fund balance, June 30	**$ 4,904,748**	**$ 4,904,748**	**$ 5,640,104**	**$ 735,356**

City of Oxnard
Non-Major - Debt Service Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For Fiscal Year Ended June 30, 2013

	Original Budget	Final Budgeted Amount	Actual Amount	Variance with Final Budget
REVENUES				
Interest	$ 31,413	$ 31,413	$ (6,138)	$ (37,551)
Total revenues	31,413	31,413	(6,138)	(37,551)
EXPENDITURES				
Debt Service:				
Principal	3,265,684	3,265,684	2,896,261	369,423
Bond issuance cost	-	-	45,002	(45,002)
Interest	2,950,269	2,950,269	1,785,250	1,165,019
Total expenditures	6,215,953	6,215,953	4,726,513	1,489,440
Excess(deficiency) of revenues over (under) expenditures	(6,184,540)	(6,184,540)	(4,732,651)	1,451,889
OTHER FINANCING SOURCES(USES)				
Bond issuance	-	-	5,570,838	5,570,838
Bond premium	-	-	48,238	48,238
Payment to refunded debt escrow agent	-	-	(6,197,285)	(6,197,285)
Transfers in	6,035,798	6,035,798	5,335,663	(700,135)
Total other financing uses	6,035,798	6,035,798	4,757,454	(1,278,344)
Net changes in fund balances	(148,742)	(148,742)	24,803	173,545
Fund balance-July 1	1,406,768	1,406,768	1,406,768	-
Prior period adjustment	-	-	495,108	-
Fund balance-June 30	**$ 1,258,026**	**$ 1,258,026**	**$ 1,926,679**	**$ 173,545**

City Of Oxnard, California
Non-Major - Capital Outlay Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budgeted Amount	Actual Amounts	Variance with Final Budget
REVENUES				
Interest	$ -	$ -	$ 18,386	$ 18,386
Charges for services	-	-	16,921	16,921
Total revenues	-	-	35,307	35,307
EXPENDITURES				
Culture and leisure	-	-	2,757	(2,757)
Capital Outlay	-	4,748,959	1,602,865	3,146,094
Debt service:	-	3,029,536	-	3,029,536
Principal	-	-	555,000	(555,000)
Interest	-	-	1,156,350	(1,156,350)
Total expenditures	-	7,778,495	3,316,972	4,461,523
Excess (deficiency) of revenues over(under) expenditures	-	(7,778,495)	(3,281,665)	4,496,830
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	(1,021,106)	(1,021,106)
Proceeds from sale of bonds	-	1,719,423	1,232,148	(487,275)
Total other financing sources (uses)	-	1,719,423	211,042	(1,508,381)
Net change in fund balances	-	(6,059,072)	(3,070,623)	2,988,449
Fund balance, July 1	8,668,703	8,668,703	8,668,703	-
Fund balance, June 30	**$ 8,668,703**	**$ 2,609,631**	**$ 5,598,080**	**$ 2,988,449**

City Of Oxnard, California
Non-Major - Housing Successor
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budgeted Amount	Actual Amounts	Variance with Final Budget
REVENUES				
Interest	$ -	$ -	$ 26,824	$ 26,824
Miscellaneous	-	-	109,036	109,036
Total revenues	-	-	135,860	135,860
EXPENDITURES				
Community development	-	-	4,513,420	(4,513,420)
Capital Outlay	-	-	286,545	(286,545)
Total expenditures	-	-	4,799,965	(4,799,965)
Excess (deficiency) of revenues over(under) expenditures	-	-	(4,664,105)	(4,664,105)
Net change in fund balances	-	-	(4,664,105)	(4,664,105)
Fund balance, July 1	2,154,736	2,154,736	2,154,736	-
Prior period adjustment	-	-	8,114,950	-
Fund balance, June 30	**$ 2,154,736**	**$ 2,154,736**	**$ 5,605,581**	**$ (4,664,105)**

City of Oxnard, California
Non-Major - State Gas Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budgeted Amount	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental	$ 5,330,000	$ 5,330,000	$ 4,720,976	$ (609,024)
Charges for services	193,800	193,800	429,190	235,390
Interest	34,400	34,400	32,981	(1,419)
Miscellaneous	2,700	2,700	3,274	574
Total revenues	5,560,900	5,560,900	5,186,421	(374,479)
EXPENDITURES				
General government	12,125	12,125	16,336	(4,211)
Transportation	4,357,478	4,359,478	4,180,461	179,017
Community development	9,400	9,400	214	9,186
Capital Outlay	960,000	1,991,537	802,943	1,188,594
Total expenditures	5,339,003	6,372,540	4,999,954	1,372,586
Excess(deficiency) of revenues over(under) expenditures	221,897	(811,640)	186,467	998,107
Net change in fund balances	221,897	(811,640)	186,467	998,107
Fund balance, July 1	5,353,776	5,353,776	5,353,776	-
Fund balance, June 30	**$ 5,575,673**	**$ 4,542,136**	**$ 5,540,243**	**$ 998,107**

City of Oxnard, California
Non-Major - Traffic Safety
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budgeted Amount	Actual Amounts	Variance with Final Budget
REVENUES				
Charges for services	$ 10,000	$ 10,000	$ -	$ (10,000)
Fines and forfeitures	400,000	400,000	293,255	(106,745)
Total revenues	410,000	410,000	293,255	(116,745)
EXPENDITURES				
Public safety	295,801	295,801	343,398	(47,597)
Transportation	-	-	620	(620)
Total expenditures	295,801	295,801	344,018	(48,217)
Excess(deficiency) of revenues over(under) expenditures	114,199	114,199	(50,763)	(164,962)
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	-
Total other financing sources (uses)	300,000	300,000	300,000	-
Net change in fund balances	414,199	414,199	249,237	(164,962)
Fund balance, July 1	(132,884)	(132,884)	(132,884)	-
Fund balance, June 30	**$ 281,315**	**$ 281,315**	**$ 116,353**	**$ (164,962)**

City of Oxnard, California
Non-Major - Transportation Development
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budgeted Amount	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental	$ 494,300	$ 494,300	$ 602,216	$ 107,916
Charges for services	45,300	45,300	18,554	(26,746)
Interest	14,800	14,800	17,173	2,373
Miscellaneous	168,600	168,600	183,588	14,988
Total revenues	723,000	723,000	821,531	98,531
EXPENDITURES				
Transportation	660,659	660,659	716,059	(55,400)
Capital Outlay	50,000	517,274	300,585	216,689
Total expenditures	710,659	1,177,933	1,016,644	161,289
Excess(deficiency) of revenues over(under) expenditures	12,341	(454,933)	(195,113)	259,820
Net change in fund balances	12,341	(454,933)	(195,113)	259,820
Fund balance, July 1	971,492	971,492	971,492	-
Fund balance, June 30	**$ 983,833**	**$ 516,559**	**$ 776,379**	**$ 259,820**

City of Oxnard, California
Non-Major - Maintenance Assessment District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budgeted Amount	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ -	$ -	$ 1,560	$ 1,560
Interest	131,383	131,383	(26,424)	(157,807)
Special assessments	8,046,810	8,046,810	7,971,903	(74,907)
Miscellaneous	23,400	23,400	41,422	18,022
Total revenues	8,201,593	8,201,593	7,988,461	(213,132)
EXPENDITURES				
General government	131,009	131,009	125,899	5,110
Public safety	2,189,006	2,455,737	2,586,688	(130,951)
Transportation	760,285	768,764	264,488	504,276
Culture and leisure	4,733,938	4,794,758	5,112,275	(317,517)
Capital Outlay	395,000	1,395,000	125,843	1,269,157
Total expenditures	8,209,238	9,545,268	8,215,193	(1,330,075)
Excess(deficiency) of revenues over(under) expenditures	(7,645)	(1,343,675)	(226,732)	(1,543,207)
Net change in fund balances	(7,645)	(1,343,675)	(226,732)	(1,543,207)
Fund balance, July 1	14,465,937	14,465,937	14,465,937	-
Fund balance, June 30	**$ 14,458,292**	**$ 13,122,262**	**$ 14,239,205**	**$ (1,543,207)**

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INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Internal Service Funds are established to account for goods and services provided by one City department to other City department or related entities, generally on a cost recovery basis.

Public Liability and Property Damage Fund-This fund is used to account for the City's self-insurance program of providing public liability and property damage insurance coverage and claims adjustment services to the City's operating funds.

Workers' Compensation Fund-This fund is used to account for the City's self-insurance program for workers' compensation claims.

Utility Customer Services Fund-This fund is used to account for the costs associated with administering the operation of the Customer Services Division and to distribute these costs to the various City utilities such as water, sewer and refuse.

Information Services Fund-This fund is used to account for the costs associated with the City's data/word processing and financial systems and to distribute these costs to the departments using the systems on a pro-rata basis. Included are costs for hardware and software maintenance, computer operation costs and some centralized supplies.

Facilities Maintenance Fund-This fund is used to account for the operation and maintenance of City facilities, properties and capital projects.

Equipment Maintenance Fund-This fund is used to account for automotive fleet maintenance and services provided to City departments.

City of Oxnard, Caliornia
Statement of Net Position
Internal Service Funds
June 30, 2013

	Public Liability / Property Damage	Worker's Compensation	Utility Customer Service	Information Services	Facilities Maintenance	Equipment Maintenance	Total
ASSETS							
Cash and cash equivalents	$ 4,342,152	$ 8,645,280	$ 437,762	$ 2,148,102	$ 253,359	$ 165,607	$ 15,992,262
Accounts and other receivable (net of allowance for uncollectibles)	26,304	-	-	-	3,758	-	30,062
Other assets	-	-	32,900	-	-	-	32,900
Advances to other funds	-	1,168,481	-	-	-	-	1,168,481
Capital assets:							
Land	595,500	-	-	-	-	-	595,500
Machinery and equipment	62,621	56,827	42,507	2,095,970	638,528	746,901	3,643,354
Construction in progress	-	-	-	1,293,043	-	447,363	1,740,406
Total capital assets	658,121	56,827	42,507	3,389,013	638,528	1,194,264	5,979,260
Less accumulated depreciation	(54,288)	(56,827)	(42,507)	(1,723,589)	(577,666)	(555,929)	(3,010,806)
Net capital assets	603,833	-	-	1,665,424	60,862	638,335	2,968,454
Total assets	**4,972,289**	**9,813,761**	**470,662**	**3,813,526**	**317,979**	**803,942**	**20,192,159**
LIABILITIES							
Current liabilities:							
Accounts payable	123,188	21,933	26,207	104,726	65,334	464,789	806,177
Other liabilities	1,409	8,923	11,434	44,322	60,490	83,168	209,746
Capital lease payable - current	-	-	-	-	-	28,808	28,808
Compensated absences payable - current	-	10,000	19,000	155,000	195,000	270,000	649,000
Self insurance claims - due within one year	2,316,272	4,231,808	-	-	-	-	6,548,080
Total current liabilities	2,440,869	4,272,664	56,641	304,048	320,824	846,765	8,241,811
Noncurrent liabilities:							
Compensated absences payable	-	10,339	18,354	76,890	92,771	118,458	316,812
Self insurance claims	1,023,163	7,096,550	-	-	-	-	8,119,713
Other post employment payable	106,755	11,614	39,132	82,202	116,749	145,735	502,187
Capital lease payable	-	-	-	-	-	44,812	44,812
Total noncurrent liabilities	1,129,918	7,118,503	57,486	159,092	209,520	309,005	8,983,524
Total liabilities	**3,570,787**	**11,391,167**	**114,127**	**463,140**	**530,344**	**1,155,770**	**17,225,335**
NET POSITION							
Invested in capital assets, net of related debt	603,833	-	-	1,665,424	60,862	564,715	2,894,834
Unrestricted	797,669	(1,577,406)	356,535	1,684,962	(273,227)	(916,543)	71,990
Total net position	**$ 1,401,502**	**$ (1,577,406)**	**$ 356,535**	**$ 3,350,386**	**$ (212,365)**	**$ (351,828)**	**$ 2,966,824**

City of Oxnard, California
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For Fiscal Year Ended June 30, 2013

	Public Liability/ Property Damage	Worker's Compensation	Utility Customer Services	Information Services	Facilities Maintenance	Equipment Maintenance	Total
OPERATING REVENUES:							
Charges for services	$ 2,815,449	$ 5,573,074	$ 1,506,113	$ 3,789,329	$ 3,568,744	$ 9,586,628	$ 26,839,337
Total operating income	2,815,449	5,573,074	1,506,113	3,789,329	3,568,744	9,586,628	26,839,337
OPERATING EXPENSES:							
Salaries and wages	59,393	334,945	524,445	1,869,362	2,513,485	3,549,430	8,851,060
Contractual services	213,720	409,944	74,680	48,532	111,820	131,339	990,035
Operating supplies	-	-	-	243,477	271,582	4,743,442	5,258,501
Utilities	-	2,496	8,158	928,955	589,840	21,667	1,551,116
Depreciation	1,667	603	480	168,087	29,241	60,662	260,740
General and administrative	262,956	450,362	913,716	362,741	249,508	491,040	2,730,323
Repairs and maintenance	15,689	24,612	14,997	413,755	106,232	824,332	1,399,617
Claims expenses	2,607,311	6,505,227	-	-	-	-	9,112,538
Total operating expenses	3,160,736	7,728,189	1,536,476	4,034,909	3,871,708	9,821,912	30,153,930
Operating income (loss)	(345,287)	(2,155,115)	(30,363)	(245,580)	(302,964)	(235,284)	(3,314,593)
NON-OPERATING REVENUES (EXPENSES):							
Interest income	(26,869)	(53,782)	1,200	(25,146)	2,857	1,514	(100,226)
Interest (expense)	-	-	-	-	-	(2,697)	(2,697)
Total non-operating revenues (expenses)	(26,869)	(53,782)	1,200	(25,146)	2,857	(1,183)	(102,923)
Income (loss) before contributions and transfers	(372,156)	(2,208,897)	(29,163)	(270,726)	(300,107)	(236,467)	(3,417,516)
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Changes in net assets	(372,156)	(2,208,897)	(29,163)	(270,726)	(300,107)	(236,467)	(3,417,516)
Net Position - July 1	1,773,658	(456,990)	385,698	3,621,112	87,742	(115,361)	5,295,859
Prior period adjustment	-	1,088,481	-	-	-	-	1,088,481
Net Position - June 30	**$ 1,401,502**	**$ (1,577,406)**	**$ 356,535**	**$ 3,350,386**	**$ (212,365)**	**$ (351,828)**	**$ 2,966,824**

City of Oxnard, California
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2013

	Public Liability/ Property Damage	Worker's Compensation	Utility Customer Service	Information Services	Facilities Maintenance	Equipment Maintenance	Total
Cash flows from operating activities :							
Receipts from customers	$ 2,835,020	$ 5,592,791	$ 1,506,113	$ 3,789,329	$ 3,569,854	$ 9,586,628	$ 26,879,735
Payments to suppliers	(374,885)	(873,213)	(1,044,062)	(2,105,897)	(1,298,343)	(5,829,331)	(11,525,731)
Payments to employees	(59,393)	(329,743)	(511,406)	(1,860,385)	(2,488,455)	(3,515,898)	(8,765,280)
Claims paid	(2,989,182)	(3,393,263)	-	-	-	-	(6,382,445)
Net cash flows from operating activities	**(588,440)**	**996,572**	**(49,355)**	**(176,953)**	**(216,944)**	**241,399**	**206,279**
Cash flows from capital financing activities:							
Acquisitions(Disposals) of capital assets	(10,000)	-	-	0	(5,049)	(47,891)	(62,940)
Interest paid on long-term debt	-	-	-	-	-	(2,697)	(2,697)
Principal paid on long-term debt	-	-	-	-	-	(27,984)	(27,984)
Net cash flows from capital financing activities	(10,000)	-	-	-	(5,049)	(78,572)	(93,621)
Cash flows from investing activities:							
Interest on investments	(26,869)	(53,782)	1,200	(25,146)	2,857	1,514	(100,226)
Cash flows from investing acitivities	(26,869)	(53,782)	1,200	(25,146)	2,857	1,514	(100,226)
Net increase (decrease) in cash and cash equivalents	(625,309)	942,790	(48,155)	(202,099)	(219,136)	164,341	12,432
Cash and cash equivalents-July 1	4,967,461	7,702,490	485,917	2,350,201	472,495	1,266	15,979,830
Cash and cash equivalents-June 30	**$ 4,342,152**	**$ 8,645,280**	**$ 437,762**	**$ 2,148,102**	**$ 253,359**	**$ 165,607**	**$ 15,992,262**
Reconciliation of operating income (loss) to net cash used by operating activities:							
Operating income (loss)	$ (345,287)	$ (2,155,115)	$ (30,363)	$ (245,580)	$ (302,964)	$ (235,284)	$ (3,314,593)
Adjustment to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization	1,667	603	480	168,087	29,241	60,662	260,740
Loss on Disposal of Capital Assets							
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable	19,571	19,717	0	0	1,110	0	40,398
Increase (decrease) in accounts payable	117,480	14,201	(32,511)	(108,437)	30,639	382,489	403,861
Increase (decrease) in self insurance liability	(381,871)	3,111,964	0	0	0	0	2,730,093
Increase (decrease) in compensated absences	0	5,202	13,039	8,977	25,030	33,532	85,780
Cash flows from operating activities	**$ (588,440)**	**$ 996,572**	**$ (49,355)**	**$ (176,953)**	**$ (216,944)**	**$ 241,399**	**$ 206,279**

The notes to the financial statements are an integral part of this statement.

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FIDUCIARY FUNDS

OXNARD
CALIFORNIA

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
June 30, 2013

ARTWORKS FUND

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Assets:				
Cash and Cash Equivalents	$ 52,904	$ 320	$ 3	$ 53,221
Total Assets	**$ 52,904**	**$ 320**	**$ 3**	**$ 53,221**
Liabilities:				
Trust and Agency Payables	$ 52,904	$ 320	$ 3	$ 53,221
Total Liabilities	**$ 52,904**	**$ 320**	**$ 3**	**$ 53,221**

IMPROVEMENT DISTRICTS FUND

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Assets:				
Cash and Cash Equivalents	$ 5,659,766	$ 6,278,068	$ 7,056,329	$ 4,881,505
Investments with Fiscal Agents	15,480,457	1,546,433	1,924,841	15,102,049
Total Assets	**$ 21,140,223**	**$ 7,824,501**	**$ 8,981,170**	**$ 19,983,554**
Liabilities:				
Trust and Agency Payables	$ 21,140,223	$ 7,824,501	$ 8,981,170	$ 19,983,554
Total Liabilities	**$ 21,140,223**	**$ 7,824,501**	**$ 8,981,170**	**$ 19,983,554**

ODMD

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Assets:				
Cash and Cash Equivalents	$ 84,084	$ 548,532	$ 617,989	$ 14,627
Total Assets	**$ 84,084**	**$ 548,532**	**$ 617,989**	**$ 14,627**
Liabilities:				
Trust and Agency Payables	$ 84,084	$ 548,532	$ 617,989	$ 14,627
Total Liabilities	**$ 84,084**	**$ 548,532**	**$ 617,989**	**$ 14,627**

TOTAL - ALL FIDUCIARY FUNDS

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Assets:				
Cash and Cash Equivalents	$ 5,796,754	$ 6,826,920	$ 7,674,321	$ 4,949,353
Investments with Fiscal Agents	15,480,457	1,546,433	1,924,841	15,102,049
Total Assets	**$ 21,277,211**	**$ 8,373,353**	**$ 9,599,162**	**$ 20,051,402**
Liabilities:				
Trust and Agency Payables	$ 21,277,211	$ 8,373,353	$ 9,599,162	$ 20,051,402
Total Liabilities	**$ 21,277,211**	**$ 8,373,353**	**$ 9,599,162**	**$ 20,051,402**

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STATISTICAL SECTION

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City of Oxnard, California

SCHEDULE I

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Net investment in capital asset	$104,613,981	$131,874,401	$1,313,161,486	$1,329,023,654	$1,357,202,580
Restricted	12,510,935	16,183,475	15,902,180	33,774,265	48,175,216
Unrestricted	91,002,589	80,742,442	95,688,754	94,848,663	79,025,330
Total governmental activities net position	$208,127,505	$228,800,318	$1,424,752,420	$1,457,646,582	$1,484,403,126
Business-type activities					
Net investment in capital asset	$59,252,770	$97,741,991	$154,777,148	$225,311,825	$229,468,962
Restricted	7,380,620	7,696,523	13,405,164	12,508,465	8,782,553
Unrestricted	159,369,013	138,793,254	83,556,063	46,954,212	47,628,743
Total business-type activities net position	$226,002,403	$244,231,768	$251,738,375	$284,774,502	$285,880,258
Primary government					
Net investment in capital asset	$163,866,751	$229,616,392	$1,467,938,634	$1,554,335,479	$1,586,671,542
Restricted	19,891,555	23,879,998	29,307,344	46,282,730	56,957,769
Unrestricted	250,371,602	219,535,696	179,244,817	141,802,875	126,654,073
Total primary government net position	$434,129,908	$473,032,086	$1,676,490,795	$1,742,421,084	$1,770,283,384

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE I

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

		Fiscal Year			
2009	2010	2011	2012	2013	
					Governmental activities
$1,371,345,945	$1,377,784,811	$1,411,737,702	$1,386,189,664	$1,407,060,810	Net investment in capital asset
12,852,498	25,080,711	72,142,274	18,707,789	28,720,391	Restricted
111,642,569	97,095,180	41,934,961	58,748,720	22,539,194	Unrestricted
$1,495,841,012	$1,499,960,702	$1,525,814,937	$1,463,646,173	$1,458,320,395	Total governmental activities net position
					Business-type activities
$238,066,640	$250,720,062	$265,617,506	$264,692,784	$285,475,430	Net investment in capital asset
7,811,268	17,706,319	18,417,110	17,602,552	16,577,898	Restricted
55,267,595	38,725,334	43,239,167	50,315,899	34,418,934	Unrestricted
$301,145,503	$307,151,715	$327,273,783	$332,611,235	$336,472,262	Total business-type activities net position
					Primary government
$1,609,412,585	$1,628,504,873	$1,677,355,208	$1,650,882,448	$1,692,536,240	Net investment in capital asset
20,663,766	42,787,030	90,559,384	36,310,341	45,298,289	Restricted
166,910,164	135,820,514	85,174,128	109,064,619	56,958,128	Unrestricted
$1,796,986,515	$1,807,112,417	$1,853,088,720	$1,796,257,408	$1,794,792,657	Total primary government net position

City of Oxnard, California

SCHEDULE II

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

			Fiscal Year		
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	$12,911,930	$13,646,432	$18,360,819	$19,130,468	$21,898,728
Public safety	58,758,103	68,542,046	75,789,982	80,579,263	88,547,776
Transportation	8,595,630	9,912,068	10,341,829	9,893,618	10,847,730
Community development	18,590,562	18,937,934	22,614,813	19,369,860	27,123,076
Culture and leisure	11,177,403	12,018,761	15,345,765	16,015,957	18,162,564
Libraries	3,940,974	3,919,671	4,654,234	5,025,580	5,517,965
Interest on long-term debt	2,305,762	2,299,356	1,904,516	3,263,821	4,701,143
Total governmental activities expenses	116,280,364	129,276,268	149,011,958	153,278,567	176,798,982
Business-type activities:					
Water	23,636,082	23,152,648	26,636,150	30,683,509	33,417,143
Wastewater	18,960,096	25,482,133	27,939,236	29,033,021	24,009,381
Environmental resource	35,070,009	37,117,879	38,535,592	39,817,351	45,329,486
Performing arts and convention center	1,402,812	1,565,920	1,590,321	1,761,156	1,829,853
Oxnard housing authority	24,462,843	25,507,125	24,724,889	23,494,108	23,758,739
Municipal golf course	3,130,165	4,028,435	3,983,695	4,433,702	3,794,080
Total business-type activities expenses	106,662,007	116,854,140	123,409,883	129,222,847	132,138,682
Total primary government expenses	$222,942,371	$246,130,408	$272,421,841	$282,501,414	$308,937,664
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$8,044,319	$8,516,015	$7,864,784	$17,237,868	$8,515,014
Public safety	3,654,740	5,306,818	6,513,674	6,114,255	4,921,670
Transportation	1,455,304	2,468,510	4,369,882	4,217,846	4,050,457
Community development	16,712,568	23,822,460	24,448,745	11,095,658	15,030,222
Culture and leisure	1,772,109	2,725,055	928,054	3,903,705	4,401,090
Libraries	214,559	209,622	169,339	320,939	246,576
Operating grants and contributions	39,370,445	20,254,587	30,436,511	25,025,965	23,207,919
Capital grants and contributions	-	-	16,758,901	6,804,709	12,902,805
Total governmental activities program revenues	71,224,044	63,303,067	91,489,890	74,720,945	73,275,753

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE II

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

		Fiscal Year			
2009	2010	2011	2012	2013	
					Expenses
					Governmental activities:
$19,717,999	$18,695,220	$20,845,702	$18,680,585	$18,129,124	General government
86,249,353	92,554,917	92,702,882	98,603,456	103,079,427	Public safety
10,600,127	10,321,184	10,521,098	11,030,990	10,331,822	Transportation
26,989,828	32,863,176	26,225,688	33,705,121	21,162,624	Community development
20,945,072	19,016,619	19,047,037	18,858,694	19,334,566	Culture and leisure
5,341,028	5,176,704	5,230,252	5,203,318	4,916,628	Libraries
6,519,008	5,583,856	5,503,330	3,532,902	2,973,016	Interest on long-term debt
176,362,415	184,211,676	180,075,989	189,615,066	179,927,207	Total governmental activities expenses
					Business-type activities:
29,837,359	36,797,806	34,062,940	37,910,096	44,762,850	Water
22,337,575	24,205,554	23,052,505	29,078,392	34,396,819	Wastewater
41,117,534	39,296,115	41,405,568	41,581,865	40,601,250	Environmental resource
1,799,861	1,651,658	1,606,129	1,587,496	1,534,353	Performing arts and convention center
26,153,807	25,259,519	24,911,450	24,398,669	25,397,453	Oxnard housing authority
7,601,054	4,507,360	6,104,614	6,048,938	6,150,325	Municipal golf course
128,847,190	131,718,012	131,143,206	140,605,456	152,843,050	Total business-type activities expenses
$305,209,605	$315,929,688	$311,219,195	$330,220,522	$332,770,257	Total primary government expenses
					Program Revenues
					Governmental activities:
					Charges for services:
$9,765,771	$10,203,810	$8,422,050	$9,471,575	$8,408,578	General government
5,017,708	4,202,162	4,246,985	4,426,984	4,460,425	Public safety
4,042,492	5,068,843	2,131,535	2,145,431	3,152,660	Transportation
11,825,981	6,366,499	7,198,058	12,576,655	4,316,880	Community development
5,273,551	5,237,167	5,037,380	5,605,866	4,667,879	Culture and leisure
260,577	428,872	399,582	378,004	427,152	Libraries
25,875,331	24,380,018	27,293,717	30,155,325	27,406,424	Operating grants and contributions
9,420,033	17,106,111	35,331,568	16,598,931	8,313,758	Capital grants and contributions
71,481,444	72,993,482	90,060,875	81,358,771	61,153,756	Total governmental activities program revenues

City of Oxnard, California

SCHEDULE II

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

			Fiscal Year		
	2004	2005	2006	2007	2008
Business-type activities:					
Charges for services:					
Water	$28,401,190	$34,334,436	$32,150,667	$36,855,486	$35,378,947
Wastewater	23,532,305	33,709,319	26,139,278	24,503,133	27,621,114
Environmental resource	32,965,746	36,071,999	36,704,264	40,122,057	42,795,069
Performing arts and convention center	371,553	468,732	483,475	517,766	485,548
Oxnard housing authority	23,024,813	21,411,579	23,197,945	23,137,523	23,785,335
Municipal golf course	7,487,215	3,119,621	3,899,645	3,999,148	3,234,074
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	1,306,910	-	-
Total business-like activities program revenues	115,782,822	129,115,686	123,882,184	129,135,113	133,300,087
Total primary government program revenues	$187,006,866	$192,418,753	$215,372,074	$203,856,058	$206,575,840
Net (expense) revenue					
Governmental activities	(45,056,320)	(65,973,201)	(57,522,068)	(78,557,622)	(103,523,229)
Business-like activities	9,120,815	12,261,546	472,301	(87,734)	1,161,405
Total primary government net expense	($35,935,505)	($53,711,655)	($57,049,767)	($78,645,356)	($102,361,824)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	$35,245,432	$49,096,920	$58,537,770	$68,429,117	$75,726,666
Sales taxes	22,772,358	23,212,641	23,985,182	25,783,808	24,205,622
Transient occupancy taxes	2,222,553	2,445,468	3,309,716	3,550,903	3,618,611
Franchise taxes	3,718,917	4,572,206	3,914,317	3,686,627	3,986,567
Deed transfer taxes	1,159,215	1,196,393	1,230,768	880,370	860,378
Business license taxes	4,386,245	3,967,972	4,470,841	4,504,455	4,662,658
Penalties on delinquent taxes	181,655	126,250	132,403	129,679	123,956
Investment earnings	4,547,276	3,911,106	4,860,461	6,653,231	7,561,978
Sale of capital assets	-	-	7,146,270	-	4,351,772
Transfers	(1,778,579)	(1,882,942)	(2,280,393)	(2,166,406)	5,181,566
Extraordinary loss	-	-	-	-	-
Contributions to other government	-	-	-	-	-
Total governmental activities	72,455,072	86,646,014	105,307,335	111,451,784	130,279,774
Business-type activities:					
Investment earnings	2,080,206	4,486,577	4,753,913	7,480,785	5,125,917
Sale of capital assets	-	-	-	23,476,670	-
Transfers	1,488,793	1,481,242	2,280,393	2,166,406	(5,181,566)
Total business-type activities	3,568,999	5,967,819	7,034,306	33,123,861	(55,649)
Total primary program	$76,024,071	$92,613,833	$112,341,641	$144,575,645	$130,224,125
Change in Net Position					
Governmental activities	27,398,752	20,672,813	47,785,267	32,894,162	26,756,545
Business-type activities	12,689,814	18,229,365	7,506,607	33,036,127	1,105,756
Total primary government	$40,088,566	$38,902,178	$55,291,874	$65,930,289	$27,862,301

Source: Finance Department, City of Oxnard

SCHEDULE II

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

		Fiscal Year			
2009	2010	2011	2012	2013	
					Business-type activities:
					Charges for services:
$38,477,754	$38,439,653	$43,170,566	$46,769,748	$51,056,102	Water
24,846,717	22,566,372	25,157,094	31,528,171	30,998,260	Wastewater
39,695,711	40,468,627	45,047,154	44,217,775	42,535,271	Environmental resource
483,371	513,857	439,653	545,270	483,778	Performing arts and convention center
6,105,106	4,686,681	4,786,715	5,157,388	5,173,132	Oxnard housing authority
4,398,074	4,278,241	3,905,224	4,063,299	4,157,668	Municipal golf course
19,635,556	20,781,204	20,524,235	18,727,259	18,595,158	Operating grants and contributions
543,140	192,400	2,308,206	1,002,582	966,935	Capital grants and contributions
134,185,429	131,927,035	145,338,847	152,011,492	153,966,304	Total business-like activities program revenues
$205,666,873	$204,920,517	$235,399,722	$233,370,263	$215,120,060	Total primary government program revenues
					Net (expense) revenue
(104,880,971)	(111,218,194)	(90,015,114)	(108,256,295)	(118,773,451)	Governmental activities
5,338,239	209,023	14,195,641	11,406,036	1,123,254	Business-like activities
($99,542,732)	($111,009,171)	($75,819,473)	($96,850,259)	($117,650,197)	Total primary government net expense
					General Revenues and Other Changes in Net Position
					Governmental activities:
					Taxes
$76,681,392	$72,817,719	$71,118,203	$63,176,888	$55,148,254	Property taxes
24,043,286	28,103,051	33,396,737	37,453,124	35,156,013	Sales taxes
3,328,803	3,061,163	3,301,864	3,402,793	3,826,954	Transient occupancy taxes
4,635,616	3,439,645	3,495,532	3,435,823	3,842,351	Franchise taxes
573,882	509,370	528,563	412,471	628,780	Deed transfer taxes
5,059,323	4,692,615	4,412,881	6,125,278	4,562,692	Business license taxes
145,945	136,565	105,158	126,609	121,064	Penalties on delinquent taxes
5,556,004	2,769,250	1,934,083	1,354,128	(21,216)	Investment earnings
59,319	694,185	141,123	57,768	119,184	Sale of capital assets
(3,764,713)	(885,679)	(2,564,795)	(2,184,229)	(2,166,145)	Transfers
-	-	-	(65,066,037)		Extraordinary loss
-	-	-	(14,627)		Contributions to other government
116,318,857	115,337,884	115,869,349	48,279,989	101,217,931	Total governmental activities
					Business-type activities:
3,299,336	1,911,510	3,361,632	3,168,662	2,445,183	Investment earnings
2,862,957	-	-	-		Sale of capital assets
3,764,713	885,679	2,564,795	2,184,229	2,166,145	Transfers
9,927,006	2,797,189	5,926,427	5,352,891	4,611,328	Total business-type activities
$126,245,863	$118,135,073	$121,795,776	$53,632,880	$105,829,259	Total primary program
					Change in Net Position
11,437,886	4,119,690	25,854,235	(59,976,306)	(17,555,520)	Governmental activities
15,265,245	3,006,212	20,122,068	16,758,927	5,734,582	Business-type activities
$26,703,131	$7,125,902	$45,976,303	($43,217,379)	($11,820,938)	Total primary government

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE III

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	$ 1,180,342	$ 4,201,060	$ 3,658,849	$ 3,573,245	$ 344,987
Unreserved	25,398,644	19,197,335	23,523,456	21,424,406	20,108,117
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	$26,578,986	$23,398,395	$27,182,305	$24,997,651	$20,453,104
All other governmental funds					
Reserved	$ 11,330,593	$ 11,982,415	$ 12,243,331	$ 30,201,020	$ 11,148,128
Unreserved, reported in:					
Special revenue funds	55,595,303	53,104,087	58,172,246	51,516,503	61,096,986
Capital projects funds	21,790,919	22,103,670	26,320,799	47,966,047	81,877,539
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	$88,716,815	$87,190,172	$96,736,376	$129,683,570	$154,122,653

Note: Effective fiscal year 2011, City implemented GASB54, new classification of fund balances.

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE III

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

		Fiscal Year			
2009	2010	2011	2012	2013	
					General Fund
$ -	$ -	$ -	$ -	$ -	Reserved
23,794,737	29,726,794	-	-	-	Unreserved
-	-	-	-	4,714,203	Nonspendable
-	-	-	-	1,482,872	Restricted
-	-	17,472,751	18,093,783	14,658,123	Assigned
-	-	15,648,084	15,666,268	11,359,847	Unassigned
$23,794,737	$29,726,794	$ 33,120,835	$ 33,760,051	$ 32,215,045	Total general fund
					All other governmental funds
$ 12,852,498	$ 13,811,524	$ -	$ -	$ -	Reserved
					Unreserved, reported in:
61,924,849	61,896,005	-	-	-	Special revenue funds
72,705,295	59,395,831	-	-	-	Capital projects funds
-	-	13,230,067	-	3,305,113	Nonspendable
-	-	34,500,580	18,707,789	27,237,519	Restricted
-	-	80,823,243	51,415,603	4,456,543	Assigned
-	-	(2,764,967)	(6,386,154)	14,859,161	Unassigned
$147,482,642	$135,103,360	$ 125,788,923	$ 63,737,238	$ 49,858,336	Total all other governmental funds

SCHEDULE IV

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Taxes	$69,686,376	$84,617,850	$95,580,997	$106,964,959	$113,184,458
Licenses and permits	2,182,715	2,116,934	5,937,172	3,434,727	2,792,191
Intergovernmental	40,834,560	27,036,948	31,543,392	31,830,674	36,110,724
Growth and development fees	9,004,335	10,061,956	9,616,234	4,984,467	5,724,940
Charges for services	11,105,208	15,358,432	14,721,778	11,418,999	12,877,753
Fines and forfeitures	1,198,456	1,248,242	1,320,782	1,383,780	1,350,628
Interest	4,547,276	3,911,106	4,860,461	6,653,231	7,561,978
Special assessments	2,089,097	2,240,492	2,346,088	14,967,993	9,014,090
Contributions from property owners	-	-	1,085,000	-	-
Rental income	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	4,809,675	5,240,064	10,352,424	6,700,305	9,757,199
Total revenues	145,457,698	151,832,024	177,364,328	188,339,135	198,373,961
Expenditures					
General government	11,444,213	11,788,754	11,994,048	12,283,152	12,390,389
Public safety	55,856,590	64,312,956	69,405,713	75,815,578	80,409,884
Transportation	8,108,305	9,709,306	10,254,324	10,136,221	10,642,590
Community development	17,912,245	18,597,956	22,100,626	18,962,172	26,158,572
Culture and leisure	10,824,801	11,520,103	14,366,317	15,141,511	16,894,790
Library services	3,818,769	3,731,437	4,214,038	4,558,864	4,950,293
Capital outlay	31,640,247	29,924,300	41,227,891	56,309,445	52,283,436
Debt Service:					
Principal	2,908,600	2,999,393	7,983,492	2,251,795	2,754,823
Cost of issuance	-	-	-	-	-
Interest	2,102,073	2,072,111	1,920,662	2,411,174	3,810,737
Total expenditures	144,615,843	154,656,316	183,467,111	197,869,912	210,295,514
Excess of revenues over (under) expenditures	841,855	(2,824,292)	(6,102,783)	(9,530,777)	(11,921,553)
Other Financing Sources (Uses)					
Proceeds from loans payable	-	-	-	-	-
Proceeds from financing sources	34,750,209	-	-	-	-
Payment to escrow agent	(13,601,060)	-	14,567,020	-	-
Proceeds from sale of property	-	-	1,885,649	-	-
Proceeds from sale of bonds	-	-	-	42,459,723	26,634,523
Bond discount	-	-	-	-	-
Transfers in	6,475,027	10,770,253	13,659,615	13,159,636	14,107,966
Transfers out	(8,253,606)	(12,653,195)	(10,679,387)	(15,326,042)	(8,926,400)
Total other financing sources (uses)	19,370,570	(1,882,942)	19,432,897	40,293,317	31,816,089
Special items:					
Contributions from other funds	-	-	-	-	-
Contributions to other funds	-	-	-	-	-
Capital contributions	-	-	-	-	-
Extraordinary loss	-	-	-	-	-
Total special items	-	-	-	-	-
Net change in fund balances	$20,212,425	($4,707,234)	$13,330,114	$30,762,540	$19,894,536
Debt service as a percentage of noncapital expenditures	4.44%	4.07%	6.96%	3.29%	4.16%

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE IV

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

		Fiscal Year			
2009	2010	2011	2012	2013	
					Revenues
$114,468,247	$112,760,128	$116,358,938	$114,132,986	$103,286,108	Taxes
2,470,865	2,267,581	2,002,416	3,662,851	2,702,302	Licenses and permits
32,290,549	42,232,125	58,971,454	39,321,626	38,740,617	Intergovernmental
7,210,668	1,502,781	2,663,779	5,979,605	1,828,294	Growth and development fees
10,705,908	11,007,992	10,668,661	9,967,288	9,175,312	Charges for services
1,408,066	1,213,655	1,233,733	1,311,689	977,098	Fines and forfeitures
5,556,004	2,769,250	1,934,083	1,105,534	(21,216)	Interest
8,611,926	9,168,150	9,013,480	8,084,122	7,971,903	Special assessments
-	-	-	-	-	Contributions from property owners
-	-	-	148,993	-	Rental income
-	-	-	248,594	-	Investment income
5,837,966	8,268,073	3,673,052	8,304,617	4,359,097	Miscellaneous
188,560,199	191,189,735	206,519,596	192,267,905	169,019,515	Total revenues
					Expenditures
11,883,205	11,145,722	11,041,050	10,355,408	10,438,952	General government
74,877,737	84,818,990	84,439,008	86,218,656	91,190,673	Public safety
9,829,554	10,137,568	10,338,211	10,347,787	9,659,263	Transportation
25,832,640	32,073,825	24,803,125	22,357,237	20,333,591	Community development
19,348,413	17,751,755	17,789,287	17,175,797	17,779,933	Culture and leisure
4,755,540	4,632,177	4,682,033	4,553,275	4,334,991	Library services
43,704,965	34,739,151	54,785,588	46,868,230	33,897,212	Capital outlay
					Debt Service:
3,168,595	3,743,020	3,926,631	4,362,740	3,451,261	Principal
791,867	-	-	-	45,002	Cost of issuance
5,574,369	5,230,494	5,151,761	4,061,894	2,941,600	Interest
199,766,885	204,272,702	216,956,694	206,301,024	194,072,478	Total expenditures
(11,206,686)	(13,082,967)	(10,437,098)	(14,033,119)	(25,052,963)	Excess of revenues over (under) expenditures
					Other Financing Sources (Uses)
-	-	-	-	-	Proceeds from loans payable
-	-	-	-	-	Proceeds from financing sources
-	-	-	-	(6,197,285)	Payment to escrow agent
-	-	-	-	-	Proceeds from sale of property
11,790,000	1,395,646	1,295,771	3,680,714	6,802,986	Proceeds from sale of bonds
(116,979)	-	-	-	48,238	Bond discount/premuim
10,573,077	10,550,390	11,718,345	6,108,518	5,869,128	Transfers in
(14,337,790)	(5,310,294)	(8,497,414)	(8,292,747)	(8,035,273)	Transfers out
7,908,308	6,635,742	4,516,702	1,496,485	(1,512,206)	Total other financing sources (uses)
					Special items:
-	-	-	76,891,362	-	Contributions from other funds
-	-	-	(76,891,362)	-	Contributions to other funds
-	-	-	(14,627)	-	Capital contributions
-	-	-	(48,861,208)	-	Extraordinary loss
-	-	-	(48,875,835)	-	Total special items
($3,298,378)	($6,447,225)	($5,920,396)	($61,412,469)	($26,565,169)	Net change in fund balances
6.11%	5.29%	5.60%	5.28%	4.02%	Debt service as a percentage of noncapital expenditures

City of Oxnard, California

SCHEDULE V

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Transient Occupancy Tax	Franchise Tax	Deed Transfer Tax	Business License	Penalties and Interest	Total
2004	35,245,432	22,772,358	2,222,553	3,718,917	1,159,215	4,386,245	181,655	69,686,375
2005	49,096,920	23,212,641	2,445,468	4,572,206	1,196,393	3,967,972	126,250	84,617,850
2006	58,537,770	23,985,182	3,309,716	3,914,317	1,230,768	4,470,841	132,403	95,580,997
2007	68,429,117	25,783,808	3,550,903	3,686,627	880,370	4,504,455	129,679	106,964,959
2008	75,726,666	24,205,622	3,618,611	3,986,567	860,378	4,662,658	123,956	113,184,458
2009	76,681,392	24,043,286	3,328,803	4,635,616	573,882	5,059,323	145,945	114,468,247
2010	72,817,719	28,103,051	3,061,163	3,439,645	509,370	4,692,615	136,565	112,760,128
2011	71,118,203	33,396,737	3,301,864	3,495,532	528,563	4,412,881	105,158	116,358,938
2012	63,176,888	37,453,124	3,402,793	3,435,823	412,471	6,125,278	126,609	114,132,986
2013	55,148,254	35,156,013	3,826,954	3,842,351	628,780	4,562,692	121,064	103,286,108

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE VI

Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Land	Improvements	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2004	3,613,674,889	6,152,956,699	580,195,155	1,346,099,223	9,000,727,520	1.20384%	9,000,727,520	100.00%
2005	4,320,681,588	6,818,196,522	484,878,479	1,537,114,090	10,086,642,499	1.19624%	10,086,642,499	100.00%
2006	5,266,423,145	7,510,814,807	564,046,351	1,835,609,239	11,505,675,064	1.17614%	11,505,675,064	100.00%
2007	6,122,287,297	8,427,981,083	598,530,800	2,126,175,049	13,022,624,131	1.16564%	13,022,624,131	100.00%
2008	7,043,458,754	8,801,081,711	608,929,391	2,299,830,016	14,153,639,840	1.17864%	14,153,639,840	100.00%
2009	7,364,501,802	8,753,745,455	637,023,113	2,692,759,267	14,062,511,103	1.19334%	14,062,511,103	100.00%
2010	6,699,090,916	8,441,834,476	648,608,797	654,220,264	15,135,313,925	1.20384%	15,135,313,925	100.00%
2011	6,524,818,244	8,540,793,743	618,870,116	654,216,502	15,030,265,601	1.22054%	15,030,265,601	100.00%
2012	6,423,814,010	8,584,579,684	596,771,651	673,465,559	14,931,699,786	1.20544%	14,931,699,786	100.00%
2013	6,304,938,777	8,677,033,769	617,612,672	422,079,822	15,177,505,396	1.20424%	15,177,505,396	100.00%

NOTE: The County does not provide the breakdown of residential and commercial assessed values to the cities. The City also no longer have the information available for the residential and commercial assessed values. The personal property amounts include assessed values for boats and aircraft.

Source: County of Ventura, Office of the Auditor-Controller
Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE VII

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal	City Direct Rates			Overlapping Rates			Total Direct &
Year	Basic (1)	Debt Service	Total Direct	School Districts	Water Districts	Total Overlapping	Overlapping Rates
2004	1.00000%	0.20384%	1.20384%	0.09770%	0.04476%	0.14246%	1.34630%
2005	1.00000%	0.19624%	1.19624%	0.08410%	0.04224%	0.12634%	1.32258%
2006	1.00000%	0.17614%	1.17614%	0.09850%	0.03691%	0.13541%	1.31155%
2007	1.00000%	0.16564%	1.16564%	0.08220%	0.03272%	0.11492%	1.28056%
2008	1.00000%	0.17864%	1.17864%	0.10500%	0.02922%	0.13422%	1.31286%
2009	1.00000%	0.19334%	1.19334%	0.11160%	0.01290%	0.12450%	1.31784%
2010	1.00000%	0.20384%	1.20384%	0.11470%	0.01290%	0.12760%	1.33144%
2011	1.00000%	0.22054%	1.22054%	0.11990%	0.01110%	0.13100%	1.35154%
2012	1.00000%	0.20544%	1.20544%	0.12200%	0.01110%	0.13310%	1.33854%
2013	1.00000%	0.20424%	1.20424%	0.11980%	0.00000%	0.11980%	1.32404%

NOTE: (1) The passage of Proposition 13 on June 6, 1978 established a maximum countywide levy of 1% of market value or $1.00 per $100 of assessed value.

Source: County of Ventura, Office of the Auditor-Controller

City of Oxnard, California

SCHEDULE VIII

Principal Property Taxpayers
Current Year and Nine Years Ago

	2013			2004		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Proctor & Gamble Paper Products	268,098,003	1	1.75%	270,808,814	1	2.70%
St Johns Regional Medical Center	230,115,059	2	1.50%			
Essex Arbors LP	197,972,713	3	1.29%			
SOCM I LLC	91,198,200	4	0.60%			
Sunbelt Enterprises LLC	86,539,573	5	0.56%			
Capri of KW Serenade LLC	83,068,300	6	0.54%			
Haas Automation Inc	82,295,400	7	0.54%			
GS Paz Mar LP	70,530,594	8	0.46%			
Reliant Energy Ormond Beach, Inc				166,200,000	2	1.66%
SI VIII LLC				74,524,729	3	0.74%
Weyerhaeuser Company				59,789,800	4	0.60%
Duesenberg Investment Company	67,133,520	9	0.44%	59,179,100	5	0.59%
Genon Energy West LP-Mandalay	66,700,000	10	0.44%			
Channel Islands Harbor Investment Co LP				58,696,857	6	0.58%
Fred Kavli				51,850,693	7	0.52%
Reliant Energy Mandalay, Inc				51,476,532	8	0.51%
Seminis Inc				49,662,634	9	0.49%
GSA Vintage-Rose Apts LP				46,364,974	10	0.46%
Other taxpayers	14,074,261,994		91.88%	9,151,420,675		91.15%
Totals	15,317,913,356		100.00%	10,039,974,808		100.00%

Source: HdL Coren & Cone, Ventura County Assessor 2012/13 Combined Tax Rolls and the SBE Non Unitary Tax Roll

SCHEDULE IX

Property Tax Levies and Collections
Last Ten Fiscal Years

Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	35,432,169	34,937,526	98.60%	344,390	35,281,916	99.58%
2005	46,496,506	46,356,420	99.70%	126,250	46,482,670	99.97%
2006	54,511,910	53,889,833	98.86%	132,403	54,022,236	99.10%
2007	62,871,775	62,416,666	99.28%	129,679	62,546,345	99.48%
2008	73,234,168	71,707,923	97.92%	121,075	71,828,998	98.08%
2009	71,489,249	71,034,625	99.36%	145,945	71,180,570	99.57%
2010	75,929,128	71,755,189	94.50%	136,565	71,891,754	94.68%
2011	72,434,536	71,118,203	98.18%	105,158	71,223,361	98.33%
2012	70,330,200	63,176,888	89.83%	126,609	63,303,497	90.01%
2013	53,833,600	52,537,321	97.59%	121,064	52,658,385	97.82%

NOTE: City used original budget for the total tax levy for the fiscal year.

Source: Finance Department, City of Oxnard

SCHEDULE X

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-type Activities			(1)	
Fiscal Year	Revenue Bonds	Certificates of Participation	Tax Allocation Bonds	Capital Leases	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	(2) Per Capita
2004	22,874,301	8,045,000	19,185,000	1,729,354	214,035,699	2,916,139	268,785,493	9.310%	1,479
2005	21,607,009	7,835,000	18,635,000	1,412,398	236,943,314	2,469,070	288,901,791	9.339%	1,554
2006	19,975,756	7,620,000	18,030,000	1,086,013	298,559,567	2,010,676	347,282,012	10.649%	1,850
2007	43,109,750	7,395,000	37,940,000	749,911	292,625,260	1,536,788	383,356,709	10.970%	2,025
2008	41,746,367	34,835,000	37,040,000	493,471	286,428,643	4,603,874	405,147,355	11.009%	2,112
2009	40,337,356	34,350,000	47,755,000	293,886	278,427,654	4,053,370	405,217,266	10.800%	2,090
2010	38,877,717	33,600,000	46,475,000	1,436,151	370,257,293	3,632,411	494,278,572	13.333%	2,510
2011	37,359,198	32,820,000	45,155,000	2,552,594	383,230,810	3,623,668	504,741,270	13.498%	2,524
2012	35,781,802	32,010,000	-	5,665,006	372,713,206	2,963,438	449,133,452	11.319%	2,241
2013	34,146,715	25,335,000	-	11,101,548	361,808,291	2,620,593	435,012,147	10.825%	2,166

NOTE: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(2) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE XI

Direct and Overlapping Governmental Activities Debt

As of June 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Oxnard Overlapping Debt:			
Metropolitan Water District	165,085,000	0.722%	1,191,914
Ventura County Community College District	308,659,326	14.649%	45,215,505
Ventura County Superintendent of Schools - Certificates of Participation	11,510,000	14.643%	1,685,409
Ventura County General Fund Obligations	388,450,000	14.643%	56,880,734
Oxnard Union High School District	91,662,016	45.867%	42,042,617
Oxnard Union High School District - Certificates of Participation	7,680,000	45.867%	3,522,586
Oxnard School District	152,703,139	91.914%	140,355,563
Oxnard School District - Certificates of Participation	4,845,100	91.914%	4,453,325
Rio School District	14,675,000	86.381%	12,676,412
Rio School District - Certificates of Participation	7,420,000	86.381%	6,409,470
Hueneme School District	26,287,428	43.599%	11,461,056
Ocean View School District	11,410,247	41.084%	4,687,786
Ocean View School District - Certificates of Participation	1,521,500	41.084%	625,093
Rio School District - Community Facilities District 1	29,600,000	100.000%	29,600,000
City of Oxnard - Rose Avenue/Hwy 101 Assessment District 96-1	2,500,000	100.000%	2,500,000
City of Oxnard - Rice Avenue/Hwy 101 Assessment District 2001-1	11,835,000	100.000%	11,835,000
City of Oxnard - Oxnard Blvd/Hwy 101 Assessment District 2000-1	1,965,000	100.000%	1,965,000
City of Oxnard Community Facilities District 1	8,750,000	100.000%	8,750,000
City of Oxnard Community Facilities District 3	30,810,000	100.000%	30,810,000
City of Oxnard Community Facilities District 88-1	230,000	100.000%	230,000
Oxnard Boulevard Interchange Community District	7,980,000	100.000%	7,980,000
Successor Agency - Tax Increment Debt	42,380,000	100.000%	42,380,000
Subtotal - Overlapping Debt	1,327,958,756		467,257,470
City of Oxnard Direct Debt:			
City of Oxnard Financing Authority			70,583,263
Subtotal - Direct Debt			70,583,263
Total direct and overlapping debt			**537,840,733**

The method used to calculate the overlapping debt is based on the percentage of the overlapping agency's assessed valuation located within boundaries of the City.

Capital lease payable amount were added to the numbers provided by California Municipal Statistics.

Source: California Municipal Statistics, Inc.

City of Oxnard, California

SCHEDULE XII

Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	1,534,332	1,726,418	1,983,111	2,250,164	2,449,824	2,493,677	2,349,884	2,333,523	2,322,196	2,319,396
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	1,534,332	1,726,418	1,983,111	2,250,164	2,449,824	2,493,677	2,349,884	2,333,523	2,322,196	2,319,396
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	12,999,663
Add back: exempt real property	2,462,977
Total assessed value	15,462,640
Debt limit (15% of total assessed value)	2,319,396
Debt applicable to limit:	
General obligation bonds	421,290
Less: assets in debt service funds for principal payments	
Revenue bonds - governmental activities	(34,147)
Revenue bonds - business-type activities	(361,808)
Tax allocation bonds-community development commission	
Certificates of participation	(25,335)
Total net debt applicable limit	0
Legal debt margin	2,319,396

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE XIII

Pledged Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Interest	Coverage
2004	28,898,906	19,899,216	8,999,690	235,000	1,315,783	5.80
2005	34,609,573	18,351,471	16,258,102	1,150,000	2,682,330	4.24
2006	34,212,012	21,865,005	12,347,007	1,202,083	2,699,580	3.16
2007	40,719,155	22,674,080	18,045,075	1,205,000	2,625,730	4.71
2008	38,369,885	27,732,616	10,637,269	1,235,000	5,253,315	1.64
2009	40,395,380	25,883,824	14,511,556	2,040,000	5,149,575	2.02
2010	39,764,998	28,681,992	11,083,006	2,105,000	8,049,790	1.09
2011	46,118,265	29,910,426	16,207,839	2,209,809	11,621,908	1.17
2012	49,580,413	30,309,016	19,271,397	3,195,568	11,858,798	1.28
2013	53,306,397	36,096,926	17,209,471	3,479,490	10,524,675	1.23

Environmental Resources Revenue Bonds

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Interest	Coverage
2004	33,200,540	30,574,399	2,626,141	1,433,833	1,216,797	0.99
2005	36,529,711	34,228,035	2,301,676	19,001,588	1,155,331	0.11
2006	36,878,690	36,342,348	536,342	2,033,392	1,117,677	0.17
2007	40,322,484	38,170,528	2,151,956	2,142,556	1,036,405	0.68
2008	42,986,155	43,113,155	(127,000)	2,102,040	943,620	(0.04)
2009	39,901,815	38,055,524	1,846,291	2,335,505	970,779	0.56
2010	40,614,642	37,258,502	3,356,140	2,447,346	885,840	1.01
2011	45,243,032	39,058,556	6,184,476	2,534,094	1,178,081	1.67
2012	44,403,042	38,874,986	5,528,056	2,651,878	929,973	1.54
2013	42,668,594	38,235,619	4,432,975	2,729,777	763,442	1.27

Note: The above operating expenses figures do not include depreciation and debt service expenses
The City's bond obligations are secured by the pledge of the net system revenues, detailed information is on the Notes to the financial statements.

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE XIII

Pledged Revenue Coverage
Last Ten Fiscal Years

Wastewater Revenue Bonds

Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Interest	Coverage	Fiscal Year
23,182,456	12,958,128	10,224,328	1,750,000	1,924,827	2.78	2004
36,892,293	14,715,076	22,177,217	1,815,000	5,969,101	2.85	2005
28,512,017	16,185,708	12,326,309	1,885,000	6,682,905	1.44	2006
27,322,064	16,956,481	10,365,583	2,135,000	7,259,743	1.10	2007
29,054,646	17,562,559	11,492,087	2,260,000	7,418,756	1.19	2008
28,762,308	16,268,395	12,493,913	3,155,000	7,282,032	1.20	2009
23,165,658	17,588,757	5,576,901	3,255,000	7,284,462	0.53	2010
25,373,362	16,484,729	8,888,633	3,367,079	7,359,648	0.83	2011
31,680,309	18,146,959	13,533,350	3,532,784	7,060,378	1.28	2012
31,045,715	18,763,458	12,282,257	3,709,555	6,882,148	1.16	2013

Oxnard Housing Authority Revenue Bonds

Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Interest	Coverage	Fiscal Year
21,823,107	22,305,475	(482,368)	-	181,708	(2.65)	2004
21,515,845	23,235,370	(1,719,525)	205,000	231,660	(3.94)	2005
23,321,917	22,699,304	622,613	205,000	227,758	1.44	2006
22,616,071	21,496,289	1,119,782	215,000	243,407	2.44	2007
23,956,893	21,916,273	2,040,620	220,000	218,233	4.66	2008
25,784,589	24,427,197	1,357,392	225,000	209,945	3.12	2009
24,847,419	23,750,482	1,096,937	235,000	212,903	2.45	2010
25,312,733	23,531,077	1,781,656	240,000	198,220	4.07	2011
23,905,239	23,029,780	875,459	250,000	189,204	1.99	2012
23,782,397	23,948,254	(165,857)	260,000	180,456	(0.38)	2013

City of Oxnard, California

SCHEDULE XIV
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income (in thous)	(2) Per Capita Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate
2004	186,122	2,886,966	15,886	30	42,276	7.8%
2005	188,941	3,093,466	16,645	30	38,372	7.0%
2006	189,990	3,261,107	17,376	28	37,196	6.2%
2007	192,997	3,494,586	18,463	31	37,956	6.1%
2008	194,905	3,680,019	19,185	36	37,703	7.4%
2009	197,067	3,751,908	19,352	30	38,911	11.0%
2010	200,004	3,707,181	18,829	29.7	39,135	14.4%
2011	199,722	3,739,475	18,697	30.5	38,595	14.2%
2012	200,390	3,968,123	19,802	30.3	39,231	13.0%
2013	200,855	4,018,506	20,007	30.1	38,813	10.1%

Sources:
(1) California Department of Finance, Demographic Research Unit
(2) HdL Coren & Cone
(3) HdL Coren & Cone
(4) Oxnard School Districts (Elementary) and Oxnard Union High School District
(5) State Employment Development Department (data is based on annual average)

SCHEDULE XV

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
General government	207	211	217	214	186	234	234	234	228	227
Public Safety										
Police										
Officers	220	229	235	236	236	293	237	237	236	252
Civilians	134	138	152	151	151	95	151	151	151	155
Fire										
Firefighters & officers	89	91	100	102	103	100	103	103	101	101
Civilians	5	4	4	5	4	7	3	3	3	3
Transportation	36	36	45	56	84	50	50	50	49	49
Community development	56	57	57	59	67	66	66	66	66	60
Culture and recreation	79	79	74	83	85	85	85	85	83	83
Utilities										
Water	44	44	48	47	46	45	51	51	51	51
Wastewater	67	72	72	72	74	72	72	72	70	76
Environmental Resources	80	80	81	81	76	78	78	78	79	79
Housing	80	80	80	81	81	81	81	81	83	82
Total	1,097	1,121	1,165	1,187	1,193	1,206	1,211	1,211	1,200	1,217

Source: Finance Department, City of Oxnard

SCHEDULE XVI

Operating Indicators by Function
Last Nine Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police									
Physical arrests	6,492	8,162	8,835	8,425	7,842	7,794	8,116	7,278	6,790
Parking violations	36,240	28,533	31,462	51,046	37,968	35,346	35,091	34,914	32,120
Traffic violations	30,985	19,590	20,525	16,673	23,305	25,288	25,517	22,294	15,800
Fire									
Number of calls answered	11,117	10,631	11,212	12,210	13,310	13,417	13,813	13,381	14,127
Inspections	2,829	3,109	3,693	3,190	4,244	4,777	5,614	4,212	5,000
Highways and streets									
Potholes repaired	18,333	10,545	12,200	12,375	12,300	12,650	13,000	14,000	13,000
Sanitation									
Total number of customers	43,617	44,941	45,731	43,489	37,195	37,124	43,991	44,034	44,312
Refuse/recyclables collected (tons/day)	-	708	681	581	571	570	577	558	569
Recyclables collected (tons/day)	-	30	13	13	95	91	93	98	98
Culture and recreation									
Community center admissions	48,800	43,849	42,831	43,230	51,872	27,934	29,655	33,751	29,910
Water									
Total number of customers	37,276	38,053	38,816	39,531	40,206	40,756	40,785	41,064	41,019
Average daily consumption	29,000,000	29,000,000	29,000,000	29,326,500	25,781,331	23,246,924	23,293,140	23,094,489	23,578,792
Wastewater									
Total number of customers	34,694	35,188	35,646	36,484	37,251	38,081	38,158	38,379	38,712
Average daily sewerage treatment	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000

Source: Various departments, City of Oxnard

SCHEDULE XVII

Capital Assets by Function
Last Nine Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety									
Police									
Stations	1	1	1	1	1	1	1	1	1
Police vehicles	223	261	345	269	223	171	264	275	268
Fire									
Stations	6	7	7	7	7	7	7	7	7
Hydrants	4,180	5,200	5,000	5,150	6,282	5,413	5,413	5,430	5,500
Sanitation									
Collection trucks	48	48	57	52	52	52	52	51	51
Highways and streets									
Streets (miles)	403	400	400	400	400	400	400	400	400
City-owned streetlights	650	650	650	654	654	674	674	674	974
SCE-owned streetlights	9,120	9,120	9,258	9,314	9,371	9,943	9,943	10,005	10,067
Culture and recreation									
Parks acreage	449	469	469	494	550	550	550	550	550
Parks	45	49	49	55	58	58	58	58	58
Ball diamonds	31	30	30	30	30	30	37	37	37
Basketball courts	20	19	19	24	29	29	47	47	47
Craft/Activity buildings	9	8	8	8	8	8	10	10	10
Gymnasium	2	3	3	3	2	2	2	2	2
Swimming pools	1	1	1	1	1	1	1	1	1
Tennis courts	33	31	31	32	31	31	30	30	30
Community centers	3	3	3	3	3	3	3	3	3
Library									
Number of books	336,518	361,713	433,008	355,151	353,455	356,456	356,624	362,753	337,015
Number of microfilms	8,299	8,394	8,473	8,510	8,525	8,572	8,634	8,708	8,726
Number of audiotapes	14,537	18,200	20,284	21,055	20,864	21,345	22,105	21,676	20,060
Number of videotapes	9,377	12,917	14,709	15,582	15,318	16,045	16,015	17,288	14,688
Number of CD-ROMS (data disk)	609	708	808	755	632	689	617	620	438
Water									
Water mains (miles)	500	525	600	601	663	592	592	597	600
Maximum daily treatment capacity	18,000,000	18,000,000	18,000,000	18,600,000	18,600,000	18,600,000	18,600,000	18,600,000	18,600,000
Sewer									
Miles of sewer lines	425	435	440	445	445	445	445	445	445

Source: Various departments, City of Oxnard

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APPENDIX C

BOOK-ENTRY SYSTEM

The information in this Appendix C concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system has been obtained from DTC and the Authority and the Trustee take no responsibility for the completeness or accuracy thereof. The Authority and the Trustee cannot and do not give any assurances that DTC, Direct Participants (as defined below) or Indirect Participants (as defined below) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Appendix C. The Authority, the Trustee and the Remarketing Agents are not responsible or liable for the failure of DTC or any DTC Direct or Indirect Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC's Direct and Indirect Participants are on file with DTC.

DTC acts as securities depository for the Bonds. The Bonds will be reissued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*. The information on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC book-entry system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving notice to the Trustee and the Authority. Under certain circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers for the Bonds through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered as provided in the Indenture. In addition, the following provisions would apply: the principal or redemption price of the Bonds will be payable upon presentation thereof, at the principal corporate trust office of the Trustee, in San Francisco, California; interest on the Bonds will be payable by check mailed on each interest payment date to the registered owners thereof as shown on the registration books of the Trustee as of the as of the last business day of the calendar month immediately preceding the applicable interest payment date (the "record date"), except that in the case of an owner of $1,000,000 or more in aggregate principal amount of Bonds, upon written request of such owner to the Trustee received at least 10 days prior to the record date for the payment of interest, specifying the account or accounts to which such payment shall be made (which request shall remain in effect until revoked by such owner in a subsequent writing delivered to the Trustee), such interest shall be paid in immediately available funds by wire transfer to such account or accounts on the following interest payment date; and the Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture.

The information in this Appendix C concerning DTC and DTC's book-entry system has been obtained from sources the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Indenture, the Loan Agreement, the Lease, and the Site Lease. These summaries do not purport to be complete or definitive and reference should be made to such documents for a full and complete statement of their provisions.

INDENTURE

Definitions

"Act" means the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State.

"Act of Bankruptcy" means any of the following with respect to any Person: (a) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar laws; (b) failure by such Person to timely controvert the filing of a petition with a court having jurisdiction over such Person to commence an involuntary case against such Person under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar laws; (c) such Person shall admit in writing its inability to pay its debts generally as they become due; (d) a receiver, trustee, custodian or liquidator of such Person or such Person's assets shall be appointed in any proceeding brought against the Person or such Person's assets; (e) assignment by such Person for the benefit of its creditors; or (f) the entry by such Person into an agreement of composition with its creditors.

"Additional Payments Fund" means the Additional Payments Fund established pursuant to the Indenture.

"Additional Payments" means the amounts payable to the Authority, the Trustee or other Persons pursuant to the Loan Agreement.

"Amendment" means any amendment or modification of any of the Documents.

"Authority" means the California Municipal Finance Authority, or its successors and assigns, a joint exercise of powers authority formed by the Joint Powers Agreement pursuant to the provisions of the Act.

"Authorized Denomination" means $5,000 or any integral multiple thereof.

"Authorized Authority Representative" means, any member of Board, or any other person designated as an Authorized Authority Representative by a certificate signed by a member of the Board and filed with the Trustee.

"Authorized Borrower Representative" means and includes Gary Molenda and any person who at the time and from time to time may be designated, by written certificate furnished to the Trustee, as a person authorized to act on behalf of the Borrower. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of the Borrower by any officer of the Borrower and may designate an alternate or alternates.

"Bankruptcy Code" means Title 11 of the United States Code, as amended.

"Beneficial Owner" means, with respect to any Book-Entry Bond, the beneficial owner of such Bond as determined in accordance with the applicable rules of DTC or any successor securities depository for Book-Entry Bonds.

"Board" means the Board of Directors of the Authority.

"Bonds" means, collectively, the Series A Bonds and the Series B Bonds issued under the Indenture.

"Bond Counsel" means Fulbright & Jaworski LLP or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the validity of, and exclusion from gross income for federal tax purposes of interest on, bonds issued by states and political subdivisions and duly admitted to practice law before the highest court of any state of the United States and acceptable to the Authority.

"Bond Debt Service" means, for any period of time, the sum of (a) the interest payable during such period on all Outstanding Bonds, assuming that all Outstanding Bonds are retired as scheduled, and (b) that portion of the principal amount of all Outstanding Bonds maturing on each principal payment date during such period.

"Bond Fund" means the Bond Fund established pursuant to the Indenture.

"Bond Register" means the registration books for the ownership of Bonds maintained by the Trustee pursuant to the Indenture.

"Borrower" means (i) Oxnard Fire Station, LLC, whole sole member is Community Finance Corporation, an Arizona non-profit corporation, designated as an exempt organization under Section 501 of the Code, and its successors and assigns; and (ii) any surviving, resulting or transferee corporation as provided in the Loan Agreement.

"Business Day" means a day which is not a Saturday, a Sunday, a day on which banks located in the city in which the Principal Corporate Trust Office is required or authorized to be closed or a day on which the New York Stock Exchange is closed.

"Capitalized Interest Account" means the Capitalized Interest Account established pursuant to the Indenture.

"Certificate of the Authority" means a certificate signed by an Authorized Authority Representative. If and to the extent required by the provisions of the Indenture, each Certificate of the Authority shall include the statements provided for in the Indenture.

"Certificate of the Borrower" means a certificate signed by an Authorized Borrower Representative. If and to the extent required by the provisions of the Indenture, each Certificate of the Borrower shall include the statements provided for in the Indenture.

"Certified Resolution" means a copy of a resolution of the Authority certified to have been duly adopted by the Authority and to be in full force and effect on the date of such certification.

"Code" means the Internal Revenue Code of 1986.

"Completion Date" means the date of completion of the Project as that date shall be certified as provided in the Loan Agreement.

"Construction Fund" means the Construction Fund established pursuant to the Indenture.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement, dated as of January 1, 2014, by and between the Borrower and the Trustee, as originally executed or as it may from time to time be supplemented or amended.

"Costs" means, with respect to the Project, the sum of the items, or any such item, of the cost of the acquisition, construction, installation, furnishing and equipping of the Project to the extent permitted by the Act, including reimbursement of the Borrower for amounts expended for such costs and also including interest accruing in whole or in part on the Bonds prior to the Completion Date, but shall not include any Costs of Issuance.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority or the Borrower and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a "cost of issuance" within the meaning of Section 147(g) of the Code.

"Costs of Issuance Fund" means the fund which is established pursuant to the Indenture.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund established pursuant to the Indenture.

"Debt Service Reserve Requirement" means, with respect to the Debt Service Reserve Fund and as of any date of calculation, an amount equal to the least of (a) ten percent (10%) of the initial offering price to the public of the Bonds as determined under the Code, (b) the greatest amount of the Bond Debt Service in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Bond is due, or (c) one hundred twenty-five percent (125%) of the sum of the Bond Debt Service for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating with the last Fiscal Year in which any Bond Debt Service is due, divided by the number of such Fiscal Years, all as computed and determined by the Borrower and specified in writing to the Trustee.

"Debt Service Reserve Valuation Date" means the Business Day preceding each June 1 and December 1, commencing with the Business Day preceding June 1, 2014.

"Deed of Trust" means that certain Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of January 1, 2014, executed by the Borrower in favor of the Deed of Trust Trustee for the benefit of the Trustee (as assignee of the Authority), as trustee for the Owners, as such may be originally executed or as from time to time supplemented or amended, respecting the real property more particularly described therein.

"Deed of Trust Trustee" means First American Title Company.

"Developer" means Lutzky Development, LLC, a California limited liability company, and its successors and assigns.

“Development Agreement” means the Development Agreement, dated as of January 1, 2014, by and between the Borrower and the Developer.

“Documents” means the Indenture, the Deed of Trust and the Loan Agreement.

“DTC” means The Depository Trust Company, New York, New York and its successors and assigns.

“Environmental Regulation” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances or chemical waste, materials or substances.

“Event of Default” as used with respect to the Indenture has the meaning specified in the Indenture, and as used with respect to the Loan Agreement has the meaning specified thereof.

“Facilities” means the improvements to be constructed on the Property as the same may be modified and expanded from time to time.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period selected and designated as the official Fiscal Year of the Borrower.

“Fitch” means Fitch, Inc., and any successor thereto.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in the opinions, pronouncements and publications of the Accounting Principles Board, the American Institute of Certified Public Accountants and the Financial Accounting Standards Board or in such other statements by such other entity as may be of general use by significant segments of the accounting profession as in effect on the date of the Indenture.

“Government Obligations” means any of the following:

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation); and

(2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America, or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:

—United States of America treasury obligations;
—All direct or fully guaranteed obligations;
—Farmers Home Administration;
—General Services Administration;
—Guaranteed Title XI financing;
—Government National Mortgage Association (GNMA); and
—State and Local Government Series.

“Hazardous Substances” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to Persons on or about the Project or (ii) cause the Project to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Environmental Quality Act ("CEQA"), Cal. Public Resources Code § 21000 et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety §§ 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other person coming upon the Project or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

"Indenture" means the Indenture of Trust, dated as of January 1, 2014, by and among the Authority, the Borrower and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions of the Indenture.

"Insurance and Condemnation Proceeds Fund" means the fund by the name established pursuant to the Indenture.

"Interest Payment Date" means each June 1 and December 1, commencing June 1, 2014.

"Issue Date" means the date the Bonds are issued and delivered.

"Joint Powers Agreement" means the Joint Exercise of Powers Agreement, dated as of January 1, 2004, relating to the California Municipal Finance Authority, by and among certain California cities, counties and special districts, as may be amended from time to time.

"Lease" means the Master Lease and Option to Purchase, dated as of January 1, 2014, by and between the Borrower and the City.

"Loan Agreement" means the Loan Agreement, dated as of January 1, 2014, by and between the Authority and the Borrower and relating to the loan of the proceeds of the Bonds, as originally executed or as it may from time to time be supplemented or amended.

"Loan Payment" means any amount that the Borrower is required to pay to the Trustee pursuant to the Loan Agreement as a repayment of the loan of the Bond proceeds made by the Authority under the Loan Agreement.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and any successor thereto.

"Opinion of Bond Counsel" means an Opinion of Counsel from a Bond Counsel.

"Opinion of Counsel" means a written opinion of counsel (who may be counsel for the Borrower) acceptable to the Authority and the Borrower. If and to the extent required by the provisions of the Indenture, each Opinion of Counsel shall include the statements provided for in the Indenture.

"Outstanding," when used as of any particular time with reference to the Bonds (subject to the provisions of the Indenture), means all such Bonds theretofore authenticated and delivered by the Trustee under the Indenture, except:

> (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
>
> (2) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture; and
>
> (3) Bonds with respect to which the liability of the Authority and the Borrower have been discharged to the extent provided in, and pursuant to the requirements of, the Indenture.

"Owner" means, as of any time, the registered owner of any Bond as set forth in the Bond Register.

"Person" means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

"Permitted Encumbrances" means and includes: (i) liens for taxes, assessments and other governmental charges due but not yet payable unless contested to in good faith by appropriate proceedings which are being diligently pursued; (ii) landlord's, warehouseman's, carrier's, worker's, vendor's, mechanic's and materialmen's liens and similar liens incurred in the ordinary course of business remaining undischarged for not longer than 60 days from the filing thereof unless contested to in good faith by appropriate proceedings which are being diligently pursued; (iii) attachments remaining undischarged for not longer than 60 days from the making thereof unless contested to in good faith by appropriate proceedings which are being diligently pursued; (iv) liens in respect of pledges or deposits under workers' compensation laws, unemployment insurance or similar legislation and in respect of pledges or deposits to secure bids, tenders, contracts (other than contracts for the payment of money), leases or statutory obligations, or in connection with surety, appeal and similar bonds incidental to the conduct of litigation; (v) all leases which have been or should be capitalized in accordance with Generally Accepted Accounting Principles with respect to property (A) not previously owned by the Borrower or an affiliate and (B) not otherwise acquired in whole or in part with proceeds of the Bonds; (vi) purchase money security interests in property of the Borrower which property was not acquired in whole or in part with the proceeds of the Bonds; (vii) the Deed of Trust; (viii) the rights of the Authority and the Trustee under the Loan Agreement; (ix) liens on any property or assets owned by the Borrower existing on the date of the Indenture; (x) liens created by the Indenture, the Lease and the Loan Agreement; (xi) liens on property received by the Borrower through gifts, grants or bequests, and (xii) any lien arising by reason of an escrow established to pay debt service on the Bonds.

“Permitted Investments” means Government Obligations and any of the following:

(1) Direct obligations (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) Bonds, debentures, notes or other evidences of indebtedness issued or fully and unconditionally guaranteed by any of the following Federal full faith and credit agencies: Export Import Bank of the United States, Federal Housing Administration, Government National Mortgage Association, Student Loan Marketing Association, Maritime Administration, Federal Financing Bank, Federal Farm Credit Bank, Farmer’s Home Administration or the Public Housing Authorities;

(3) Bonds, debentures, notes or other evidences of indebtedness issued or fully unconditionally guaranteed by and of the following United States Government non-full faith and credit agencies: Federal Home Loan Bank and Federal Land Bank;

(4) Bonds, notes or other evidences of indebtedness rated “AAA” by Standard & Poor’s Corporation issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

(5) Interest-bearing demand or time deposits (including certificates of deposit, and bank investment contracts whether negotiable or non-negotiable) in federal or state chartered savings and loan associations or in national or State banks (including the Trustee) provided that either: (a) the obligations of such association or bank or the obligations of the holding company of such association or bank are rated in one of the three highest rating categories by Moody’s Investors Service, Inc. or Standard & Poor’s Corporation; or (b) such deposits are fully insured by the Federal Deposit Insurance Corporation, provided, however, that the portion of any certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, if any, shall be secured at all times in the manner provided by law by collateral security having a market value not less than the amount of such excess, consisting of securities described in this section, items (1) through (4);

(6) Investment agreements, guaranteed investment contracts, funding agreements, or any other form of corporate note which represents the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution which has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, at least “A” by two or more Rating Agencies;

(7) Repurchase agreements with financial institutions or banks insured by the FDIC or FSLIC, or any broker dealer with “retail customers” which falls under the jurisdiction of the Securities Investors Protection Corporation, provided that: (a) the over-collateralization is at one hundred two percent (102%), computed weekly, consisting of such securities as described in this section, items (1) through (4); (b) a third party custodian, the Trustee or the Federal Reserve Bank shall have possession of such obligations; (c) the Trustee shall have perfected a first priority security interest in such obligations; and (d) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral;

(8) Forward Delivery or Forward Purchase Agreements with underlying securities of the types outlined in (1), (2), (3) and (4) above;

(9) Money Market Mutual Funds registered with the Securities and Exchange Commission and rated in the highest category by Moody's Investors Service, Inc., or by Standard & Poor's Corporation, including such funds for which the Trustee or an affiliate provides investment advice or other services;

(10) Tax-exempt obligations rated in either of the two highest rating categories by Moody's Investors Service, Inc. or Standard & Poor's Corporation, including money market funds so rated;

(11) If the issue becomes credit enhanced, the foregoing permitted investments must be approved by the credit enhancement agency in general and specifically on any investment pursuant to paragraphs (6) or (7) above. In addition, the permitted investments may be expanded to include any other investments approved by the credit enhancement agency.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee as designated in the Indenture or such other office designated by the Trustee from time to time.

"Principal Installment" means, with respect to any Principal Installment Date, the aggregate amount of principal due with respect to Bonds that mature on such Principal Installment Date.

"Principal Installment Date" means any date on which any Bonds mature.

"Project" has the meaning set forth in Exhibit A to the Loan Agreement. The term "Project" shall also include such alternative or additional real property, facilities, equipment, furnishings, improvements and property as are permitted in accordance with the Loan Agreement.

"Property" means that certain real property described in Exhibit A to the Loan Agreement.

"Rating Agency" means Fitch, Moody's or Standard & Poor's to the extent it is then providing or maintaining a rating on the Bonds at the request of the Borrower, or if Fitch, Moody's or Standard & Poor's no longer maintains a rating on the Bonds, any other nationally recognized rating agency then providing or maintaining a rating on the Bonds.

"Rebate Amount," with respect to the Bonds, has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

"Rebate Fund" means the Rebate Fund which is established in accordance with the Indenture.

"Record Date" means, with respect to each Interest Payment Date, the fifteenth day (whether or not a Business Day) of the month preceding such Interest Payment Date.

"Reserve Financial Guaranty" means a policy of municipal bond insurance or surety bond issued by a municipal bond insurer or a letter of credit issued by a bank or other institution if the obligations insured by such insurer or issued by such bank or other institution, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit in the third highest rating category (without regard to qualifiers) by S&P and Moody's and, if rated by A.M. Best & Company, also in the third highest rating category (without regard to qualifiers) by A.M. Best & Company.

"Reserve Financial Guaranty Provider" means the issuer of a Reserve Financial Guaranty.

"Reserved Rights" means the Authority's rights under the Loan Agreement to Additional Payments, payment of fees and expenses, indemnification and defense, enforce venue, receive notices and consent to amendments pursuant to the Loan Agreement and as otherwise expressly retained by the Authority in the Loan Agreement, the Deed of Trust or in the Indenture, as applicable.

"Responsible Officer of the Trustee" means and includes the chairman of the board of directors, the president, every vice president, every assistant vice president, every trust officer, and every officer and assistant officer of the Trustee other than those specifically above mentioned, to whom any corporate trust matter is referred because of his or her knowledge of, and familiarity with, a particular subject.

"Revenues" means all receipts, payments and other income derived by the Authority or the Trustee pursuant to the Loan Agreement (except any payments owed by the Borrower to the Authority in connection with its Reserved Rights made pursuant to the Loan Agreement), including all Loan Payments and all amounts received by the Borrower under the Lease constituting Revenues under the Loan Agreement, or otherwise in respect of the financing and refinancing of the Project as provided in the Loan Agreement, and any income or revenue derived from the investment of any money in any fund or account established pursuant to the Indenture (other than the Rebate Fund and any account therein).

"Site Lease" means the Site Lease, dated as of January 1, 2014, by and between the Borrower and the City.

"Standard & Poor's" means Standard & Poor's Ratings Service, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, and any successors thereto.

"State" means the State of California.

"Supplemental Indenture" means any indenture amending or supplementing the Indenture duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of the Indenture.

"Tax Certificate" means the Tax Certificate related to the Bonds, dated as of the Issue Date, as the same may be amended from time to time.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, including the Series A Bonds, that such interest is excluded from the gross income of the owners thereof (other than any owner who is a "substantial user" of facilities financed with such obligations or a "related person" within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Trustee" means Wilmington Trust, N.A., a national banking association organized under the laws of the United States of America, and its successors and assigns or any successor Trustee appointed pursuant to the Indenture.

"United States Government Securities" has the meaning given such term in the definition of "Permitted Investments."

"Yield" shall have the meaning ascribed to such term by Section 148(h) of the Code.

Transfer and Exchange of Bonds

Registration of any Bond may, in accordance with the terms of the Indenture, be transferred, upon the books of the Trustee required to be kept pursuant to the Indenture, by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for registration of transfer, the Authority shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same tenor and in Authorized Denominations. No registration or transfer of Bonds shall be required to be made during the period after any Record Date and prior to the related Interest Payment Date or during the period of fifteen (15) days next preceding the date on which the Trustee gives any notice of redemption, nor shall any registration of transfer of Bonds called for redemption be required. Bonds may be exchanged at the Principal Corporate Trust Office for a like aggregate principal amount of Bonds of the same tenor and in Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there shall be no other charge to any Owners for any such exchange. No exchange of Bonds shall be required to be made during the period after any Record Date and prior to the related Interest Payment Date or during the period of fifteen (15) days next preceding the date on which the Trustee gives notice of redemption, nor shall any exchange of Bonds called for redemption be required.

No Additional Bonds

The Authority may not issue additional bonds payable from the Revenues as provided in the Indenture and secured by a pledge of the Revenues as provided in the Indenture on a parity with to the pledge securing the Outstanding Bonds theretofore issued under the Indenture.

Bond Fund

Upon the receipt thereof, the Trustee shall deposit all Revenues in the “Bond Fund,” which the Trustee shall establish and maintain and hold in trust, and which shall be disbursed and applied only as authorized in the Indenture. Within the Bond Fund the Trustee shall establish the “Capitalized Interest Account,” which the Trustee shall maintain and hold in trust, and which shall be disbursed and applied in accordance with the Indenture. Except as provided in the Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds as the same shall become due whether at maturity or upon redemption or acceleration. Amounts in the Capitalized Interest Account and earnings on such amounts shall be applied to the interest due on the Bonds.

The Trustee shall deposit in the Bond Fund from time to time, upon receipt thereof, all Loan Payments received by the Trustee from the Borrower for deposit in the Bond Fund, any income received from the investment of moneys on deposit in the Bond Fund and any other Revenues, including any prepayment amounts received under the Loan Agreement from or for the account of the Borrower. In making payments of principal of and interest on the Bonds, the Trustee shall use any Revenues received by the Trustee.

To facilitate compliance with Section 6599.1 of the Act, the Trustee shall give notice to the Authority not later than five days after: (1) a draw on the Debt Service Reserve Fund that causes the amount on deposit therein to be less than the Debt Service Reserve Requirement and (2) a failure to pay principal and interest on a scheduled payment date.

Debt Service Reserve Fund

(a) The Trustee shall establish and maintain and hold in trust the "Debt Service Reserve Fund." The Trustee shall deposit proceeds of the Bonds into the Debt Service Reserve Fund in the amount set forth in the Indenture. If, on any date on which the principal or redemption price of, or interest on, any of the Bonds is due, the amount in the Bond Fund available for such payment is less than the amount of the principal and redemption price of and interest on the Bonds due on such date, the Trustee shall apply amounts from the Debt Service Reserve Fund to the extent necessary to make good the deficiency

(b) Except as provided in subsection (e) below, if on any Debt Service Reserve Valuation Date the amount on deposit in the Debt Service Reserve Fund shall exceed the Debt Service Reserve Requirement, such excess shall be applied to the reimbursement of each drawing on a Reserve Financial Guaranty deposited in or credited to such Fund and to the payment of interest or other amounts due with respect to such a Reserve Financial Guaranty, if any, and any remaining moneys shall be used to pay all taxes and governmental charges of any kind lawfully assessed or levied upon the Project or any part thereof until such time the Facilities are substantially complete, and thereafter shall be deposited in the Bond Fund.

(c) Whenever the amount in the Debt Service Reserve Fund (excluding Reserve Financial Guaranties), together with the amount in the Bond Fund, is sufficient to pay in full all of the Outstanding Bonds in accordance with their terms (including principal or redemption price and interest thereon), the funds on deposit in the Debt Service Reserve Fund shall be transferred to the Bond Fund.

(d) In the event of the refunding of the Bonds (or portions thereof), the Trustee shall, upon the written direction of an Authorized Borrower Representative, withdraw from the Debt Service Reserve Fund any or all of the amounts on deposit therein (excluding Reserve Financial Guaranties) and deposit such amounts with itself as Trustee to be held for the payment of the principal or redemption price, if any, of, and interest on, the Bonds (or portions thereof) being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Bonds (or portions thereof) being refunded shall be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the Debt Service Reserve Fund after such withdrawal, taking into account any deposits to be made in the Debt Service Reserve Fund in connection with such refunding, shall not be less than the Debt Service Reserve Requirement.

(e) In lieu of the deposits and transfers to the Debt Service Reserve Fund required the Loan Agreement, the Borrower may cause to be deposited in the Debt Service Reserve Fund a Reserve Financial Guaranty or Reserve Financial Guaranties in an amount equal to the difference between the Debt Service Reserve Requirement and the sums, if any, then on deposit in the Debt Service Reserve Fund or being deposited in such Fund concurrently with such Reserve Financial Guaranty or Guaranties. The Trustee shall draw upon or otherwise take such action as is necessary in accordance with the terms of the Reserve Financial Guaranties to receive payments with respect to the Reserve Financial Guaranties (including the giving of notice as required thereunder): (i) on any date on which moneys shall be required to be withdrawn from the Debt Service Reserve Fund and applied to the payment of principal or redemption price of, or interest on, any Bonds and such withdrawal cannot be met by amounts on deposit in the Debt Service Reserve Fund; (ii) on the first Business Day which is at least ten (10) days prior to the expiration date of each Reserve Financial Guaranty, in an amount equal to the deficiency which would exist in the Debt Service Reserve Fund if the Reserve Financial Guaranty expired, unless a substitute Reserve Financial Guaranty with an expiration date not earlier than 180 days after the expiration date of the expiring Reserve Financial Guaranty is acquired prior to such date or the Borrower deposits funds in the Debt Service Reserve Fund on or before such date such that the amount in the Debt Service Reserve

Fund on such date (without regard to such expiring Reserve Financial Guaranty) is at least equal to the Debt Service Reserve Requirement.

(f) A Reserve Financial Guaranty that is a letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify the Borrower and the Trustee, not later than six months prior to the stated expiration date of the letter of credit as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(g) If such notice indicates that the expiration date shall not be extended, the Borrower shall deposit in the Debt Service Reserve Fund an amount sufficient to cause the amount on deposit in the Debt Service Reserve Fund together with any other Reserve Financial Guaranties, to equal the Debt Service Reserve Requirement on all outstanding Bonds, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the Reserve Financial Guaranty is replaced by another Reserve Financial Guaranty. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Trustee shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Debt Service Reserve Fund is fully funded in its required amount.

(h) The use of any Reserve Financial Guaranty pursuant to this subsection shall be subject to receipt of an Opinion of Counsel as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such Reserve Financial Guaranty is not a domestic entity, an opinion of foreign counsel.

(i) The obligation to reimburse the issuer of a Reserve Financial Guaranty for any fees, expenses, claims or draws upon such Reserve Financial Guaranty shall be subordinate to the payment of debt service on the Bonds. The right of the issuer of a Reserve Financial Guaranty to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Debt Service Reserve Fund, and, subject to the second succeeding sentence, its right to reimbursement of claims or draws shall be on a parity with the cash replenishment of the Debt Service Reserve Fund. Any Reserve Financial Guaranty shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Financial Guaranty to reimbursement will be further subordinated to cash replenishment of the Debt Service Reserve Fund to an amount equal to the difference between the full original amount available under the Reserve Financial Guaranty and the amount then available for further draws or claims. If (i) the issuer of a Reserve Financial Guaranty becomes insolvent or (ii) the issuer of a Reserve Financial Guaranty defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of a Reserve Financial Guaranty that is an insurance policy or surety bond falls below an S&P "AAA" or a Moody's "Aaa" or (iv) the rating of the issuer of a Reserve Financial Guaranty that is a letter of credit falls below an S&P "AA," the obligation to reimburse the issuer of the Reserve Financial Guaranty shall be subordinate to the cash replenishment of the Debt Service Reserve Fund.

(j) If (i) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of a Reserve Financial Guaranty that is a surety bond or insurance policy falls below an S&P "AA-" or a Moody's "A2" or (iii) the rating of the issuer of a Reserve Financial Guaranty that is a letter of credit falls below an S&P

"AA-," the Borrower shall either (A) deposit into the Debt Service Reserve Fund an amount sufficient to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement on all outstanding Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (B) replace such instrument with another Reserve Financial Guaranty within six months of such occurrence. In the event (i) the rating of the claims-paying ability of the issuer of a Reserve Financial Guaranty that is a surety bond or insurance policy falls below "A" or (ii) the rating of the issuer of a Reserve Financial Guaranty that is a letter of credit falls below "A" or (iii) the issuer of the Reserve Financial Guaranty defaults in its payment obligations or (iv) the issuer of the Reserve Financial Guaranty becomes insolvent, the Borrower shall either (A) deposit into the Debt Service Reserve Fund an amount sufficient to cause the amount on deposit in the Debt Service Reserve Fund to equal to Debt Service Reserve Requirement on all outstanding Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (B) replace such instrument with another Reserve Financial Guaranty within six months of such occurrence.

(k) Where applicable, the amount available for draws or claims under a Reserve Financial Guaranty may be reduced by the amount of cash or permitted investments deposited in the Debt Service Reserve Fund pursuant to either subclause (A) of the preceding subparagraph (j).

(l) If the Borrower chooses the above-described alternatives to a cash-funded Debt Service Reserve Fund, any amounts owed by the Borrower to the Reserve Financial Guaranty Provider as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Loan Agreement for any purpose.

(m) Cash on deposit in the Debt Service Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Financial Guaranty. If and to the extent that more than one Reserve Financial Guaranty is deposited in the Debt Service Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

(n) If, upon the deposit of a Reserve Financial Guaranty into the Debt Service Reserve Fund pursuant to subsection (e), there shall be any amount in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement, such excess amount may be applied to the cost of acquiring such Reserve Financial Guaranty and, to the extent not so applied, shall be transferred to the Bond Fund, subject to the provisions of the Tax Certificate.

Construction Fund

(a) Under the Indenture, the Trustee shall establish the "Construction Fund." The Trustee shall establish within the Construction Fund such accounts and subaccounts as are specified in written directions from an Authorized Borrower Representative as being specified in the Tax Certificate, and such additional accounts and subaccounts as may be necessary or desirable, as determined by the Borrower, or to carry out the purposes of the Tax Certificate and the Indenture.

(b) Before each payment is made from the Construction Fund by the Trustee, there shall be filed with the Trustee a requisition in substantially the form attached to the Indenture as Exhibit B.

Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Upon receipt of each such requisition, signed by authorized signatories therefor, the Trustee shall pay the amount set forth therein as directed by the terms thereof within five (5) Business Days from the date of receipt of such requisition.

(c) Except as otherwise provided below, upon the receipt by the Trustee of a certificate conforming with the requirements of the Loan Agreement, and after payment of Costs payable from the Construction Fund or provision having been made for payment of such Costs not yet due by retaining the amount of such Costs in the Construction Fund or otherwise as directed in such certificate, the Trustee shall transfer any remaining balance in the Construction Fund into the Bond Fund for the payment of interest on the Bonds as such payments become due and payable, or if directed by the Borrower, to a separate account within the Bond Fund, which the Trustee shall establish and hold in trust, and which shall be entitled the "Surplus Account." The moneys in the Surplus Account shall be used and applied (unless some other application of such moneys is requested by the Borrower and would not, in the Opinion of Bond Counsel addressed to the Authority, in and of itself, adversely affect the Tax-Exempt status of interest on the Series A Bonds) to the purchase for cancellation or redemption of Bonds (with the principal amount of the Bonds of each maturity to be designated by an Authorized Borrower Representative) in Authorized Denominations, to the maximum degree permissible, and at the earliest possible dates at which such Bonds can be purchased or redeemed. Any amounts remaining in the Surplus Account after the foregoing application shall be transferred by the Trustee to the Bond Fund. Notwithstanding any provisions of Section "Investments of Moneys" herein to the contrary, the moneys in the Surplus Account shall be invested at the written instruction of the Borrower at a yield no higher than the yield on the Outstanding Bonds (unless in the Opinion of Bond Counsel addressed to the Authority, investment at a higher yield would not in and of itself, adversely affect the Tax-Exempt status of interest on the Series A Bonds), and all such investment income shall be deposited in such Surplus Account and expended or reinvested as provided above. Notwithstanding the foregoing, to the extent liquidated damages are payable and uncontested by the Developer pursuant to the Development Agreement and prior to drawing of funds held in the Debt Service Reserve Fund, the Trustee shall transfer any remaining balance in the Construction Fund in an amount up to the amount of unpaid and uncontested liquidated damages due and payable by the Developer pursuant to the Development Agreement, but in no event greater than $407,356, into the Bond Fund for the payment of debt service on the Bonds as such payments become due and payable.

(d) In the event of redemption of all the Bonds or an Event of Default which causes acceleration of the Bonds, any moneys then remaining in the Construction Fund shall be transferred to the Surplus Account within the Bond Fund, and all moneys in the Bond Fund shall be used to pay or redeem Bonds.

Costs of Issuance Fund

The Trustee shall establish the "Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of Costs of Issuance of the Bonds, upon a requisition filed with the Trustee in the form attached to the Indenture as Exhibit C, signed by an Authorized Borrower Representative. All payments from the Costs of Issuance Fund shall be reflected in the Trustee's regular accounting statements. Any amounts remaining in an account of the Costs of Issuance Fund following the Completion Date shall be transferred to the Bond Fund.

Trustee Authorized to Take Actions Under the Loan Agreement

The Authority authorizes and directs the Trustee under the Indenture, and the Trustee agrees, subject to the Indenture, to take such actions as the Trustee deems necessary to enforce the Borrower's obligation under the Loan Agreement to make payments at such times and in such amounts as are necessary for the Trustee to make timely payment of principal of and interest on the Bonds, to the extent that moneys in the Bond Fund are not available for such payment in accordance with the provisions of Section "Bond Fund" herein. In addition, the Authority authorizes and directs the Trustee under the Indenture, and the Trustee thereby agrees, subject to the provisions of the Indenture, to take such actions as the Trustee deems necessary to enforce the Borrower's obligation under the Loan Agreement to make payments at such times and in such amounts as are necessary for the Trustee to make timely payment of any Additional Payments and payments owed to the Authority by the Borrower pursuant to the Loan Agreement, to the extent that moneys in the Additional Payments Fund are not available for such payment.

Investments of Moneys

Any moneys in any of the funds and accounts established pursuant to the Indenture shall be invested upon the written direction of the Borrower signed by an Authorized Borrower Representative (such direction to specify the particular investment to be made), by the Trustee, if and to the extent then permitted by law, in Permitted Investments. In the absence of such written direction, the Trustee shall invest in funds as described in subsection (9) of the definition of Permitted Investments. Moneys in any fund or account established pursuant to the Indenture shall be invested in Permitted Investments with respect to which payments of principal thereof and interest thereon are scheduled to be paid or are otherwise payable not later than the date on which such moneys will be required by the Trustee except that any investments of amounts in the Debt Service Reserve Fund shall mature no later than five years from the time of investment; provided, however, that Permitted Investments which allow for withdrawal at par and without penalty may have an aggregate weighted term to maturity of greater than five years. Investments in any of the funds or accounts established under the Indenture, shall be valued at least once each Fiscal Year at the market value thereof; provided that the investments in the Debt Service Reserve Fund shall be valued on each Debt Service Reserve Valuation Date.

Any interest, profit or loss on any investments of moneys in any fund or account established under the Indenture shall be credited or charged to the respective fund or account from which such investments are made. See Section "Debt Service Reserve Fund" hereof regarding the transfer of excess earnings from the Debt Service Reserve Fund. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation under the Indenture. Unless otherwise directed by the Borrower, the Trustee may make any investment permitted under the Indenture or the Loan Agreement through or with its own commercial banking or investment departments or an affiliate.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Authority and the Borrower specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Borrower and, if requested, the Authority, periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture or the Loan Agreement.

Disposition of Insurance and Condemnation Proceeds

The proceeds of insurance maintained or caused to be maintained by the Borrower against loss or damage by fire, lightning, vandalism, malicious mischief and all other risks covered by the extended coverage insurance endorsement then in use in the State or against loss or damage by risks covered by builders' all-risk insurance, and the proceeds of any condemnation awards with respect to the Facilities, shall be paid immediately upon receipt by the Borrower or other named insured parties to the Trustee, for deposit in a special fund which the Trustee shall establish and maintain and hold in trust, to be known as the "Condemnation Proceeds Fund." If the Borrower elects at the direction of the City to repair or replace the property damaged, destroyed or taken, and the City furnishes to the Trustee plans of the contemplated repair or replacement, accompanied by a certificate of an architect or other qualified expert estimating the reasonable cost of such repair or replacement and a Certificate of the Borrower stating that amounts in the Insurance and Condemnation Proceeds Fund, together with investment income reasonably expected to be received with respect thereto and any other funds available or reasonably expected to become available therefor (and which the Borrower shall agree to deposit in said fund when so available), shall be sufficient to repair or replace the property damaged, destroyed or taken in accordance with such plans, after deducting therefrom the reasonable charges and expenses of the Trustee in connection with the collection and disbursement of such moneys, moneys in the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee upon receipt by the Trustee of a requisition of the Borrower for the purpose of repairing or replacing the property damaged, destroyed or taken.

If the Borrower shall not elect at the direction of the City to repair or replace the property damaged, destroyed or taken, and has provided the Trustee with written notice of such election, the Trustee upon receipt by the Trustee of a requisition of the Borrower shall apply all amounts in the Insurance and Condemnation Proceeds Fund on account of such damage, destruction or condemnation to redeem the Bonds.

Rental Interruption Insurance; Title Insurance.

Any proceeds from rental interruption insurance with respect to the Facilities received by the Borrower shall be deposited with the Trustee and applied by the Trustee first to the immediate payment of interest payments past due and then to the immediate payment of Principal Installments past due. The Trustee shall then transfer any remaining proceeds from rental interruption insurance to the Debt Service Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement and then deposit any proceeds remaining into the Bond Fund to be applied in the manner provided in the Indenture.

Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) If the Borrower (i) determines that the title defect giving rise to such proceeds has not materially affected the use and possession of the Property and will not result in an abatement of Base Rental payable by the City under the Lease, which determination shall be made at the direction of the City, and (ii) has provided the Trustee with written evidence of such determination, such proceeds shall be deposited into the Debt Service Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement. Amounts not required to be so deposited shall be remitted to the City.

(b) If the Borrower determines that such title defect will result in an abatement of Base Rental payable by the City under the Lease, which determination shall be made at the direction of the City, then the Trustee shall immediately deposit such proceeds in the Bond Fund and such proceeds and any other legally available funds, if any, shall be applied to the redemption of Bonds in the manner specified in the Indenture.

Additional Payments Fund

The Trustee shall establish the "Additional Payments Fund." The Trustee shall deposit into the Additional Payments Fund the amounts received from the Borrower pursuant to the Loan Agreement. Amounts in the Additional Payments Fund shall be held by the Trustee in trust and applied to the payment of the Additional Payments and payments owed to the Authority pursuant to the Loan Agreement. Any interest earnings on amounts in the Additional Payments Fund shall be transferred to the Bond Fund. The Trustee shall pay any such payments promptly upon receipt from an Authorized Borrower Representative of a written direction to pay such Additional Payment.

Power to Issue Bonds and to Make Preservation of Revenues

The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture. The Authority has duly authorized the execution and delivery of the Bonds and the Indenture under the terms and provisions of the Act and a resolution adopted by the Board and further represents, covenants and warrants that all requirements have been met and procedures have occurred to ensure the enforceability against the Authority of the Bonds and the Indenture. The Authority has taken all necessary action and has complied with all provisions of the Act required to make the Bonds and the Indenture the valid, legal and binding limited obligations of the Authority.

The Authority shall not waive any provision of the Loan Agreement or take any action to interfere with or impair the pledge and assignment, under the Indenture, of Revenues and the assignment to the Trustee of rights under the Loan Agreement assigned to the Trustee under the Indenture, or the Trustee’s enforcement of any such rights under the Loan Agreement, without the prior written consent of the Trustee. The Trustee may give such written consent, and may itself take any such action, or consent to any Amendment, only in accordance with the provisions of the Indenture.

Tax Covenants

The Authority and the Borrower each covenant that neither shall use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the Interest Component of any Purchase Payment related to the Series A Bonds to fail to be excluded pursuant to section 103 of the Code from the gross income of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Authority and the Borrower receive a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exclusion from gross income of interest on any Series A Bond, the Authority and the Borrower shall comply with each of the specific covenants in the Indenture.

Rebate Fund

The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated the “California Municipal Finance Authority Revenue Bonds (Oxnard Fire Station Project) 2014 Series A Rebate Fund” (the “Rebate Fund”). Within the Rebate Fund, the Trustee shall maintain such accounts as shall be directed by the Borrower as necessary for the Authority and the Borrower to comply with the terms and requirements of the Tax Certificate. Subject to the transfer provisions provided below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Certificate), for payment to the United States of America, and none of the Borrower, the Authority nor the Owners shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture, the Loan Agreement and by the Tax Certificate. The Trustee shall conclusively be deemed to have complied with such provisions if it follows the directions of the Borrower, including supplying all necessary information requested by the Borrower and the Authority in the manner set forth in the Tax Certificate, and shall not be required to take any actions thereunder in the absence of written directions from the Borrower.

Upon receipt of the Borrower's written instructions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States of America, as so directed. In addition, if the Borrower so directs, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the Borrower's written directions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Series A Bonds and payment and satisfaction of any Rebate Amount and payment of all other amounts due and owing pursuant to the Loan Agreement shall be withdrawn and remitted to the Borrower upon its written request.

Notwithstanding any provision of the Indenture the obligation of the Borrower to pay the Rebate Amount to the United States of America and to comply with all other requirements of the Indenture, the Loan Agreement and the Tax Certificate shall survive the defeasance or payment in full of the Series A Bonds.

Notwithstanding any provisions of the Indenture and the Loan Agreement, if the Borrower shall provide to the Authority and the Trustee an Opinion of Bond Counsel that any specified action required under the Indenture or the Loan Agreement is no longer required or that some further or different action is required to maintain the Tax-Exempt status of interest on the Series A Bonds, the Borrower, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of the Indenture; and the covenants under the Indenture shall be deemed to be modified to that extent.

Other Liens

So long as any Bonds are Outstanding, the Authority shall not create any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues or the other assets pledged under the Indenture, other than the lien of the Indenture. No obligations of the Borrower may be issued on a parity with the Bonds other than obligations issued or delivered to complete the Project pursuant to a Supplemental Indenture delivered pursuant to the provisions hereto or to refund existing obligations of the Borrower which would result in debt service savings to the Borrower.

Further Assurances

Whenever and so often as requested so to do by the Trustee, the Authority shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Events of Default; Acceleration; Waiver of Default

Each of the following events shall constitute an "Event of Default" under the Indenture:

(i) Failure to make payment of any installment of interest upon any Bond when such payment shall have become due and payable;

(ii) Failure to make due and punctual payment of the principal of any Outstanding Bond when such payment shall have become due and payable, whether at the stated maturity thereof, or upon the maturity thereof by declaration;

(iii) The occurrence of an "Event of Default" under the Loan Agreement, as specified in the Loan Agreement; or

(iv) Default by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, and the continuance of such default for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority and the Borrower by the Trustee or to the Authority, the Borrower and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding;

No default specified in (iv) above shall constitute an Event of Default unless the Authority shall have failed to correct such default within the applicable 30-day period; provided, however, that if the default shall be such that it can be corrected, but cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected.

Upon the occurrence and continuation of an Event of Default the Trustee, may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding, shall, by notice in writing delivered to the Borrower, with copies of such notice being sent to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Notwithstanding the foregoing, the Trustee shall not be required to take any action upon the occurrence and continuation of an Event of Default under the Indenture until a Responsible Officer of the Trustee has actual knowledge of such Event of Default. After any declaration of acceleration of the Bonds under the Indenture the Trustee shall immediately declare all indebtedness payable under the Loan Agreement with respect to the Bonds to be immediately due and payable in accordance with the Loan Agreement and may exercise and enforce such rights as exist under the Loan Agreement.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Indenture, there shall have been deposited with the Trustee a sum which, together with any other amounts then held in the Bond Fund, is sufficient to pay all the principal of such Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and the reasonable expenses (including reasonable attorneys' fees) of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on such Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee in its sole discretion or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding (by written notice to the Authority and to the Trustee) may, on behalf of the Owners of all Bonds, rescind and annul such declaration with respect to the Bonds and its consequences and waive such default; provided that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Limitation on Owners' Right to Sue

No Owner shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Indenture; (b) the Owners of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses (including reasonable attorneys' fees) and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture; it being understood and intended that no one or more Owners shall have any right in any manner whatsoever by his or her or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

The right of any Owner to receive payment of the principal of and interest on such Bond out of Revenues, as provided in the Indenture and the Bond, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Owner, notwithstanding any provisions of the Indenture.

Modification Without Consent of Owners

The Authority and the Trustee, without the consent of or notice to any Owners, from time to time and at any time, but subject to the conditions and restrictions contained in the Indenture, may enter into a Supplemental Indenture or Indentures, which Supplemental Indenture or Indentures thereafter shall form part of the Indenture; and the Trustee, without the consent of or notice to any Owners, from time to time and at any time, may consent to any Amendment to any Document; in each case for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority contained in the Indenture, or of the Borrower contained in any Document, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to surrender any right or power reserved to or conferred upon the Authority or the Borrower in the Indenture or any Supplemental Indenture; provided, that no such covenant, agreement, assignment, pledge or surrender shall materially adversely affect the interests of the Owners of the Bonds;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision contained in the Indenture or any Document, or in regard to matters or questions arising under the Indenture or any Document, as the Authority may deem necessary or desirable and which shall not materially adversely affect the interests of the Owners of the Bonds;

(iii) to modify, amend or supplement the Indenture or any Supplemental Indenture in such manner as to permit the qualification of the Indenture or any Supplemental Indenture under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, and which shall not adversely affect the interests of the Owners of the Bonds;

(iv) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of interest on the Series A Bonds; provided that such amendment or supplement shall not materially adversely affect the interests of the Owners of the Bonds;

(v) to modify or eliminate the book-entry registration system for any of the Bonds;

(vi) to provide for the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such rights, as contemplated by Section 1286 of the Code;

(vii) to provide for the appointment of a co-Trustee or the succession of a new Trustee;

(viii) to change the description of the Project under the Loan Agreement in accordance with the provisions thereof and of the Tax Certificate;

(ix) to comply with requirements of any Rating Agency in order to obtain or maintain a rating on any Bonds; or

(x) in connection with any other change which will not adversely affect the security for the Bonds or the Tax-Exempt status of interest on the Series A Bonds or otherwise materially adversely affect the interests of the Owners of the Bonds, such determination to be based upon an Opinion of Bond Counsel.

Before the Authority or the Trustee enters into a Supplemental Indenture, and before the Trustee consents to any Amendment, pursuant to the provisions of the Indenture, the Authority or the Trustee shall cause notice of the proposed execution of the Supplemental Indenture or Amendment to be given by mail to each Rating Agency. A copy of the proposed Supplemental Indenture or Amendment shall accompany such notice. Not less than one week after the date of the first mailing of such notice, the Authority and/or the Trustee may execute and deliver such Supplemental Indenture or Amendment, but only after there shall have been delivered to the Trustee an Opinion of Bond Counsel stating that such Supplemental Indenture or Amendment is: (i) authorized or permitted by the Indenture, the Act and other applicable law; (ii) complies with the applicable terms of the Indenture; (iii) will, upon the execution and delivery thereof be a valid and binding agreement of the Authority; and (iv) will not adversely affect the Tax-Exempt status of interest on the Series A Bonds.

Notwithstanding the foregoing, the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture, and the Trustee shall not enter into any Supplemental Indenture or consent to any Amendment without first obtaining the written consent of the Borrower. Any Supplemental Indenture or Amendment permitted pursuant to the Indenture may be approved by an Authorized Authority Representative and need not be approved by resolution or other action of the Authority.

Modification With Consent of Owners

With the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in the Indenture, (i) the Authority and the Trustee may from time to time and at any time enter into a Supplemental Indenture or Indentures for the purpose of adding any provisions to or changing in any manner or, eliminating any of the provisions of the Indenture as theretofore supplemented and amended; (ii) the Authority and the Borrower may enter into any Amendment; and (iii) the Trustee may consent to any Amendment to any Document and any other matters for which its consent is required pursuant to the Indenture; provided, however, that no such Supplemental Indenture or Amendment will have the effect of extending the time for payment or reducing any amount due and payable by the Borrower pursuant to the Loan Agreement without the consent of the Owners of all Bonds then Outstanding; and that no such Supplemental Indenture shall (1) extend the fixed maturity of any Bond or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Owners whose consent is required for the execution of such Supplemental Indentures or Amendments, or permit the creation of any lien on the Revenues and the other assets pledged as security for Bonds under the Indenture prior to or on a parity with the lien of the Indenture, except as permitted in the Indenture, or permit the creation of any preference of any Owner over any other Owner, except as permitted in the Indenture, or deprive the Owners of the Bonds of the lien created by the Indenture upon the Revenues and the other assets pledged to the payment of the Bonds under the Indenture, without the consent of the Owners of all Bonds then Outstanding. Nothing in this paragraph shall be construed as making necessary the approval of any Owner of any Supplemental Indenture or Amendment permitted by the provisions of the Indenture.

Upon receipt by the Trustee of: (1) a Certified Resolution authorizing the execution of any such Supplemental Indenture or Amendment; (2) an Opinion of Bond Counsel stating that such Supplemental Indenture or Amendment is: (i) authorized or permitted by the Indenture, the Act and other applicable law; (ii) complies with the applicable terms of the Indenture; (iii) in the case of a Supplemental Indenture, will, upon the execution and delivery thereof, be a valid and binding agreement of the Authority; and (iv) will not adversely affect the Tax-Exempt status of interest on the Series A Bonds; and (3) as required by the Indenture, the Owners, as aforesaid, the Trustee shall join with the Authority in the execution of such Supplemental Indenture or shall consent to such Amendment; provided, however, that (i) the Trustee shall not be obligated to enter into any such Supplemental Indenture which materially and adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise, in which case the Trustee may in its sole discretion, but shall not be obligated to, enter into such Supplemental Indenture; and (ii) the Trustee shall not enter into such Supplemental Indenture or consent to any Amendment of any Document without first obtaining the Borrower's written consent thereto.

It shall not be necessary for the consent of the Owners under the Indenture to approve the particular form of any proposed Supplemental Indenture or Amendment, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the parties thereto of any Supplemental Indenture or Amendment as provided in the Indenture, the Trustee shall mail a notice (prepared by the Borrower) setting forth in general terms the substance of such Supplemental Indenture or such Amendment to the Rating Agencies and each Owner at the address contained in the Bond Register. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture or such Amendment.

Discharge of Indenture

If all Bonds shall be paid and discharged in any one or more of the following ways:

(i) by the payment of the principal of and interest on all Bonds as and when the same become due and payable; or

(ii) by providing for the payment of the principal of and interest on all Bonds as provided in the Indenture; or

(iii) by the delivery to the Trustee, for cancellation by it, of all Bonds;

and if all other sums payable under the Indenture by the Borrower and the Authority shall be paid and discharged, then thereupon the Indenture shall be satisfied and discharged and shall cease, terminate and become null and void, and thereupon the Trustee shall, upon Written Request of the Authority, and upon receipt by the Trustee and the Authority of an Opinion of Bond Counsel to the effect that all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture. The Trustee shall mail written notice of such payment and discharge to the Authority, the Borrower, and each Rating Agency. The satisfaction and discharge of the Indenture shall be without prejudice to the rights of the Trustee and the Authority to charge and be reimbursed by the Borrower for any expenditures which it may thereafter incur in connection with the Indenture.

The Authority and the Borrower shall surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered which the Authority or the Borrower lawfully may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Discharge of Liability of Particular Bonds

Any Bond or a portion thereof shall be deemed to be paid within the meaning of the Indenture when payment of the principal of such Bond or a portion thereof plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption or by declaration as provided in the Indenture) shall have been provided for by (i) irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment money and/or nonprepayable, noncallable United States Government Securities as provided in the Indenture; and (ii) if such Bond or portion thereof is to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as required in the Indenture provided or provision satisfactory to the Trustee shall have been made for giving such notice.

In the event of the provision of the payment of less than the full principal amount of a Bond in accordance with the Indenture, the principal amount of the Bond as to which such payment is not provided for shall be in an Authorized Denomination and, unless that portion of the Bond as to which payment is provided for in accordance with the Indenture is to be paid or redeemed within sixty days of the deposit with the Trustee, such portion will also be in an Authorized Denomination.

Upon the deposit with the Trustee, in trust, at or before maturity or the redemption date, as applicable, of money and/or nonprepayable, noncallable United States Government Securities as provided in the Indenture to pay or redeem a Bond or a portion thereof and the satisfaction of the other conditions specified in the Indenture, such Bond, or the applicable portion thereof, shall be deemed to be paid under the Indenture, shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such money and/or United States Government Securities deposited with the Trustee for such purpose, and all liability of the Authority and the Borrower in respect of such Bond, or the applicable portion thereof, shall cease, terminate and be completely discharged, except that the Authority and the Borrower shall remain liable for the payment of the principal of and interest on such Bond, or the applicable portion thereof, but only from, and the Owners shall thereafter be entitled only to payment (without interest accrued thereon after such redemption date or maturity date) out of, the money and/or United States Government Securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture.

Unclaimed Moneys

Notwithstanding any provisions of the Indenture to the contrary, and subject to applicable laws of the State, any moneys deposited with the Trustee in trust for the payment of the principal of, or interest on, any Bonds remaining unclaimed for two (2) years after the principal of any or all of the Outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in the Indenture), shall then be repaid to the Borrower upon its written request, and the Owners of such Bonds shall thereafter be entitled to look only to the Borrower for payment thereof, and all liability of the Authority and the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Borrower as aforesaid, the Trustee shall (at the request and cost of the Borrower) first give notice by mail to each affected Owner, which notice shall be in such form as may be deemed appropriate by the Borrower and the Trustee, in respect of the Bonds so payable and not presented and in respect of the provisions relating to the repayment to the Borrower of the moneys held for the payment thereof. If the repayment of any such moneys to the Borrower as aforesaid, the Owners of the Bonds in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Borrower for amounts equivalent to the respective amounts deposited for the payment of such Bonds and so repaid to the Borrower (without interest thereon).

LOAN AGREEMENT

Definitions

"Borrower Documents" means the Loan Agreement, the Indenture, the Continuing Disclosure Agreement, the Deed of Trust, the Lease, the Assignment Agreement, and the Tax Certificate.

"Lease Payments" means the base rental payments payable by the City under the Lease.

"Title Policy" means that certain policy of title insurance to be delivered by the Borrower pursuant to the Loan Agreement.

Borrower's Maintenance of its Existence; Consolidation; Merger; Sale or Transfer Under Certain Conditions

The Borrower agrees under the Loan Agreement that during the term of the Loan Agreement and so long as any Bond is Outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, that the Borrower may, without violating the agreements contained in the Loan Agreement, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation or an agency of the State all or substantially all of its assets as an entirety and thereafter dissolve; provided, that in the event the Borrower is not the surviving, resulting or transferee corporation, as the case may be, that the surviving, resulting corporation, or the transferee of all or substantially all of the Borrower's assets (i) is a corporation (1) organized under the laws of the United States or any state, district or territory thereof; (2) is qualified to do business in the State; and (3) is an organization described in Section 501(c)(3) of the Code, or a corresponding provision of the federal income tax laws then in effect; and (ii) assumes in writing all of the obligations of the Borrower under the Loan Agreement, the Indenture, the Lease and the Deed of Trust. Notwithstanding the foregoing, as a condition precedent to any consolidation, merger, sale or other transfer, the Trustee and the Authority shall receive (A) an Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not in and of itself affect the Tax-Exempt status of interest on the Series A Bonds and (B) an Opinion of Counsel reasonably acceptable to the Authority to the effect that after such merger, consolidation, sale or other transfer, the Loan Agreement is a valid and binding obligation of the surviving, resulting or transferee corporation, enforceable according to its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, or by the application of equitable principles if equitable remedies are sought, and the security interest created in the Loan Agreement and the Deed of Trust will not be adversely affected by such sale or other transfer.

Notwithstanding the foregoing, the Borrower need not comply with any of the above provisions of the Loan Agreement if, at the time of such transaction, provision for the redemption of all Outstanding Bonds will be made as provided in the Indenture.

If a merger, consolidation, sale or other transfer is effected, as provided in the Loan Agreement, the provisions of the Loan Agreement above shall continue in full force and effect and no further merger, consolidation, sale or transfer shall be effected except in accordance with the above provisions of the Loan Agreement.

Another entity may also agree to become a co-obligor and jointly and severally liable with the Borrower (without the necessity of merger, consolidation or transfer of assets) under the Loan Agreement if the foregoing provisions are satisfied. In such event, references in the Loan Agreement to indebtedness of the Borrower shall apply to the combined indebtedness of the Borrower and such other entity, references to the financial condition or results of operation of the Borrower shall apply to the combined financial condition and results of operation of the Borrower and such other entity, and the Borrower and such other entity shall be considered to be the Borrower for all purposes of the Loan Agreement and the other Borrower Documents.

Events of Default

Any one of the following which occurs shall constitute an Event of Default under the Loan Agreement:

(i) failure by the Borrower to pay or cause to be paid any amounts required to be paid under the Loan Agreement when due or to make the deposits required to be made under the Loan Agreement within five days of the day when such payment was due; or

(ii) failure of the Borrower to observe and perform any covenant, condition or agreement on its part required to be observed or performed under the Loan Agreement, other than making the payments referred to in (i) above, which continues for a period of thirty (30) days after written notice from the Trustee or the Authority, which notice shall specify such failure and request that it be remedied, unless the Authority and the Trustee shall agree in writing to an extension of such time period; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time period if corrective action is instituted within such period and diligently pursued until the default is corrected; or

(iii) any of the representations or warranties of the Borrower made in the Loan Agreement or in the application filed with the Authority in connection with the Bonds was false or incorrect in any material respect when made; or

(iv) an Act of Bankruptcy occurs with respect to the Borrower; or

(v) the occurrence of an Event of Default under the Indenture.

Remedies on Default

Whenever any Event of Default under the Loan Agreement shall have occurred and shall continue, the Authority or the Trustee may take whatever action or institute any proceeding, at law or in equity, as may be necessary or desirable for the collection of the payments and other amounts then due and thereafter to become due under the Loan Agreement the enforcement of the performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement, including but not limited to: (i) instituting and prosecuting to judgment or final decree and enforcing any such judgment or decree against the Borrower and collect in the manner provided by law moneys decreed to be payable; and (ii) by injunctive and other equitable relief, to require the Borrower to perform each of its obligations, and to otherwise protect the Authority's rights, under the Loan Agreement.

If, at any time after all of the Outstanding Bonds shall have been declared due and payable pursuant to the Indenture but such declaration has been rescinded in accordance with the Indenture, no amount shall be payable by the Borrower pursuant to the Loan Agreement with respect to the principal of Bonds as to which the acceleration of maturity has been rescinded.

In case the Trustee or the Authority shall have proceeded to enforce its rights under the Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Borrower, the Trustee and the Authority shall be restored respectively to their several positions and rights under the Loan Agreement, and all rights, remedies and powers of the Borrower, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Borrower shall not be disturbed by reason of this provision).

Nonliability of Authority

The Authority shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to the Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member is pledged to the payment of the principal (or redemption price) or interest on the Bonds. Neither the Authority nor its members, officers, directors, agents or employees or their successors or assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

The Borrower acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower to the Trustee pursuant to the Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and agrees that if the payments to be made under the Loan Agreement shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor but solely, in the case of the Authority, from Revenues, other than with respect to any deficiency caused by the willful misconduct of the Authority.

Nonrecourse Obligation.

Any payment or indemnity obligations of the Borrower under the Loan Agreement are nonrecourse and are limited solely to the extent moneys received by the Borrower under the Lease, such to the limitations and qualifications set forth therein, or through funds made available pursuant to the Borrower Documents or any insurance policies.

LEASE

Definitions

"Additional Rental" means the amounts specified as such in the Lease.

"Base Rental" means the amounts specified as such in the Lease, as such amounts may be adjusted from time to time in accordance with the terms hereof, exclusive of Additional Rental.

"Beneficiary" has the meaning ascribed to it in the Lease.

"Construction Contract" means the Construction Agreement (GMP; Vertical and Site Construction), dated January 1, 2014, by and between the Borrower and Bernards Bros. Inc.

"Lease Term" means the term of the Lease, as provided in in the Lease.

"Lease Year" means the period from the Issue Date through December 1, 2014, and thereafter the period from each December 2 to and including the following December 1, during the Lease Term.

"Permitted Encumbrances" means as of any particular time: (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or that the City may, pursuant to the Lease, permit to remain unpaid; (2) the Lease, as it may be amended from time to time; (3) the Site Lease, as it may be amended from time to time; (4) any Leasehold Mortgage; (5) any right or claim of any mechanic, laborer, materialman, supplier, or vendor not filed or perfected in the manner prescribed by law; easements, rights of way, mineral rights, drilling rights, and other rights, reservations, covenants, conditions, or restrictions that exist of record as of the Issue Date and that the City certifies in writing on the Issue Date will not materially impair the use of the Site; easements, rights of way, mineral rights, drilling rights, and other rights, reservations, covenants, conditions, or restrictions established following the Issue Date or existing on any real property substituted for the Site, to which the Borrower and the City consent in writing and that the City certifies will not materially impair the use of the Site or real property substituted for the Site, as the case may be.

Lease Term; Transfer of Title to City

The Borrower subleases all of the Property to the City, and the City subleases all of the Property from the Borrower, and the City agrees to pay the Base Rental and the Additional Rental as provided in the Lease for the right to the use and possession of the Property, all on the terms and conditions set forth therein.

The term of the Lease shall begin on the Issue Date and end on the earliest of (a) the final maturity date of the Bonds; provided that in the event the principal of and interest on the Bonds and all other amounts payable under the Lease and under the Indenture shall not be fully paid, or if the Base Rental or Additional Rental due under the Lease shall have been abated at any time as permitted by the terms of the Lease, then the term of the Lease shall be extended, except that the term shall in no event be extended beyond December 1, 2041, or (b) at such date as the Indenture shall have been discharged in accordance with the Indenture, or (c) the date of termination of the Lease due to condemnation in accordance with the terms thereof, or (d) the date on which (i) the City has exercised its right to purchase all of the Property pursuant to the Lease and (ii) the Indenture shall have been discharged in accordance with its terms.

Pursuant to the exercise of the option to purchase the Property, and upon defeasance of the Bonds in accordance with the Indenture, title to the Property that is purchased, and any improvements thereon or additions thereto, shall be transferred directly to the City or, at the option of the City, to any assignee or nominee of the City, in accordance with the provisions of the Lease, free and clear of any interest of the Borrower, including without limitation the Leasehold Mortgage.

Rental Payments Beginning on the Commencement Date

Beginning on the Commencement Date, the City agrees, subject to the terms of the Lease, to pay to the Borrower, on a parity basis, the Base Rental and Additional Rental in an amount no greater than the aggregate fair rental value of all of the Property in each Lease Year. For purposes of the Lease, the term "fair rental value" shall refer to the maximum amount of rental payments payable with respect to the Property that may be supported by the fair market value of the Property, as estimated by the City, initially, and thereafter as provided in the Lease. The City represents that upon the completion of the Fire Station, the fair market value of the Property will not be deemed to be less than the aggregate fair rental value of all of the Property in each Lease Year. In satisfaction of its obligations under the Lease, the City shall pay the Base Rental and Additional Rental in the amounts, at the times, and in the manner hereinafter set forth, such amounts constituting in the aggregate the rent payable under the Lease.

(a) Base Rental. The City agrees to pay, from legally available funds, aggregate Base Rental in the amounts set forth in the Lease, a portion of which Base Rental constitutes principal payable with respect to the Bonds and a portion of which constitutes interest payable with respect to the Bonds, as determined in accordance with the terms of the Lease. The Base Rental payable by the City shall be due five (5) Business Days prior to each Interest Payment Date during the Lease Term. Each Base Rental payment shall be with respect to the immediately preceding six month period.

To secure the performance of its obligation to pay Base Rental, the City shall deposit the Base Rental with the Trustee on or before the date on which such Base Rental is due, for application by the Trustee in accordance with the terms of the Indenture. In the event any such date of deposit is not a Business Day, such deposit shall be made on the next succeeding Business Day. In no event shall the amount of Base Rental payable on any date exceed the aggregate amount of principal and interest required to be paid or prepaid on such date with respect to the Outstanding Bonds, according to their tenor.

The obligation of the City to pay Base Rental and Additional Rental shall commence on the Commencement Date, subject to any reductions or credits described in the Lease.

"Commencement Date" shall mean the date upon which substantial completion of the Fire Station has occurred, excepting industry standard punch-list items.

(b) Additional Rental. In addition to the Base Rental set forth above, the City agrees to pay as Additional Rental all of the following:

i. All taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments, and gross receipts taxes, if any, levied upon the Property or upon any interest of the Borrower or the Trustee therein or in the Lease;

ii. On or before each Interest Payment Date, the City shall deposit or cause to be deposited, from its legally available funds, such amounts as are necessary to increase the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. Furthermore, in the event that the Trustee notifies the Borrower or the City that the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, the City shall deposit or cause to be deposited, from its legally available funds, in the Debt Service Reserve Fund such amounts as are necessary to increase the amount on deposit therein to the Debt Service Reserve Requirement. The foregoing deposits by the City shall include, without limitation, the repayment of any drawings under any Reserve Financial Guaranty.

iii. Insurance premiums, if any, on all insurance required under the provisions of the Lease;

iv. Any rebate amounts required to be paid to the United States Treasury under the Indenture;

v. Any principal component of the Base Rental that were abated as a result of delay in the Commencement Date, which principal component shall be paid in yearly installments on the same date Base Rental constituting principal payable with respect to the Bonds is payable equal to the number of months of delay rounded to the nearest whole number (i.e. if delay in the Commencement Date was 3 months, the principal component shall be paid over a 3 year period);

vi. All fees, costs, and expenses (not otherwise paid or provided for out of the proceeds of the sale of the Bonds) of the Trustee and any paying agent in connection with the Indenture;

vii. All amounts required to be paid by the Authority, other than from Revenues, under the Indenture; and

viii. Any other fees, costs, or expenses incurred by the Authority, the Borrower or the Trustee in connection with the execution, performance, or enforcement of the Lease or any assignment hereof or of the Indenture or any of the transactions contemplated by the Lease or thereby or related to the Property including Additional Payments under the Loan Agreement, exclusive of any indemnification or similar obligations for which any of the Borrower, or the Trustee may be liable and any damages, penalties, or other amounts payable by such parties, it being further agreed that certain indemnification and other obligations of the Borrower are payable by the City pursuant to the Lease.

Consideration

The payments of Base Rental and Additional Rental under the Lease for each Fiscal Year or portion thereof during the Lease Term shall constitute the total rental for such Fiscal Year or portion thereof and shall be paid by the City for and in consideration of the right to the use and possession of the Property by the City for and during such Fiscal Year or portion thereof; provided that, the Base Rental and Additional Rental payments shall be subject to abatement as provided in the Lease during any period in which by reason of damage, destruction, or taking by eminent domain or condemnation of, or defects in the title with respect to, the Property or any portion thereof, there is substantial interference with the use and possession by the City of all or a portion of the Property. The parties have agreed and determined that such total rental is not in excess of the total fair rental value of the Property. In making such determination, consideration has been given to the uses and purposes served by the Property and the benefits therefrom that will accrue to the parties by reason of the Lease and to the general public by reason of the City's right to the use of the Property.

Budget

The City covenants to take such action as may be necessary to include all Base Rental and Additional Rental due under the Lease as a separate line item in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental, subject to abatement. The covenants on the part of the City contained in the Lease shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the City to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the City to carry out and perform the covenants and agreements on the part of the City contained in the Lease. The obligation of the City to make Base Rental or Additional Rental payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Base Rental or Additional Rental payments constitutes an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction

Rental Abatement

Except to the extent of amounts available to the City for payments under the Lease (including amounts on deposit in the Reserve Fund and the proceeds of condemnation awards, casualty, title, or rental interruption insurance), during any period following the Commencement Date in which, by reason of material damage or destruction, there is substantial interference with the right to the use and occupancy by the City of the Property, Base Rental and Additional Rental payments due under the Lease shall be abated proportionately, and the City waives the benefits of California Civil Code Sections 1932(1), 1932(2), and 1933(4) and any and all other rights to terminate the Lease by virtue of any such interference and the Lease shall continue in full force and effect. The amount of such abatement shall be agreed upon by the City and the Trustee. The City and the Borrower shall calculate such abatement and shall provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of such damage or destruction and ending with the substantial completion of the work of repair or replacement of the Property so damaged or destroyed; and the term of the Lease shall be extended as provided in Section 2 hereof, except that the term shall in no event be extended beyond the maximum term provided in the Lease.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental or Additional Rental in any of the funds and accounts established under the Indenture, such rental payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds and account.

If an event of abatement shall occur during the term of the Lease, upon cessation of the event of abatement, the Property, or any portion thereof, subject to abatement shall be appraised to determine its current fair rental value. If such value has increased since the Commencement Date, Base Rental and Additional Rental payments shall be increased for the remaining term to reflect such increase so that the abated Base Rental and Additional Rental payments are fully paid

Triple Net Lease

The Lease is intended to be a triple net lease. The City agrees that the Base Rental and Additional Rental provided for in the Lease shall be an absolute net return to the Borrower free and clear of any expenses, charges, or setoffs whatsoever, except as provided in Sections entitled "Consideration" and "Rental Abatement" above.

Maintenance and Ordinary Repairs

The City shall, at its own expense, during the Lease Term, maintain the Property, or cause the same to be maintained, in good order, condition, and repair and shall repair or replace any portion of the Property resulting from ordinary wear and tear and want of care on the part of the City or any sublessee thereof. The City shall provide or cause to be provided all security service, custodial service, janitorial service, landscaping and other services necessary for the proper upkeep and maintenance of the Property. It is understood and agreed that in consideration of the payment by the City of the rental payments in the Lease provided for, the City is entitled to the right of possession of the Property and the Borrower shall have no obligation to incur any expense of any kind or character in connection with the management, operation, or maintenance of the Property during the Lease Term. The Borrower shall not be required at any time to make any improvements, alterations, changes, additions, repairs, or replacements of any nature whatsoever in or to the Property. The City expressly waives the right to make repairs or to perform maintenance of the Property at the expense of the Borrower and (to the extent permitted by law) waives the benefit of Sections 1932, 1941, and 1942 of the California Civil Code relating thereto. The City shall keep the Property free and clear of all liens, charges, and encumbrances other than Permitted Encumbrances and those encumbrances existing on or prior to the Issue Date and covered by the exceptions and exclusions set forth in the title policies delivered pursuant to the Lease, and any liens of mechanics, materialmen, suppliers, vendors, or other persons or entities for work or services performed or materials furnished in connection with the Property that are not due and payable or the amount, validity, or application of which is being contested in accordance with the Lease as expressly approved by the City and the Borrower prior to the Issue Date, subject only to the provisions of the section immediately below.

Taxes, Other Governmental Charges, and Utility Charges

The Borrower and the City contemplate that the Property will be used for a governmental or proprietary purpose of the City and, therefore, that the Property will be exempt from all taxes presently assessed and levied with respect to the Property. However, the Borrower makes no guaranty that the Property will in fact be exempt from all taxes. Nevertheless, the City agrees to pay during the Lease Term, as the same respectively become due, all taxes (except for income, franchise, or any other taxes of the Borrower), utility charges, and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Property; provided, however, that, with respect to any governmental charges that may lawfully be made in installments over a period of years, the City shall be obliged to pay only such installments as are accrued during such time as the Lease is in effect; and, provided further, that the City may contest in good faith the validity or application of any tax, utility charge, or governmental charge in any reasonable manner that does not adversely affect the right, title, and interest of the Borrower in and to any portion of the Property or its rights or interests under the Lease or subject any portion of the Property to loss or forfeiture. Any such taxes or charges shall constitute Additional Rental under the Lease and shall be payable directly to the entity assessing such taxes or charges.

Insurance

The City shall secure and maintain or cause to be secured and maintained at all times following the Commencement Date with insurers of recognized responsibility or through a program of self-insurance (which shall be deemed for purposes hereof to include risk sharing pools) to the extent specifically permitted in this section, all insurance coverage on the Property required by this section. Such insurance or self-insurance shall consist of:

1) A policy or policies of insurance (excluding earthquake and flood insurance) against loss or damage to the Property known as “all risk.” Such insurance shall be provided by an insurer rated no less than “A” by A. M. Best, and shall be maintained at all times in an amount not less than the greater of the full replacement value of the Property or the aggregate principal amount of Bonds at such time Outstanding;

2) General liability coverage against claims for damages including death, personal injury, bodily injury, or property damage arising from operations involving the Property. Such insurance shall afford protection with a combined single limit of not less than $2,000,000 per occurrence with respect to bodily injury, death, or property damage liability, or such greater amount as may from time to time be recommended by the City’s risk management officer or an independent insurance consultant retained by the City for that purpose; provided, however, that the City’s obligations under this clause (2) may be satisfied by self-insurance;

3) Workers’ compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof, such workers’ compensation insurance to cover all persons employed by the City in connection with the Property and to cover liability for compensation under any such act; provided, however, that the City’s obligations under this clause (3) may be satisfied by self-insurance;

4) Rental interruption insurance to cover loss, total or partial, of the use of the Property as a result of any of the hazards covered by the insurance required pursuant to clause (1) above, covering a period of twenty-four (24) months, in an amount equal to the product obtained by multiplying the maximum annual Base Rental payments coming due and payable by 2.0.

5) An ALTA standard coverage owner’s policy or policies of title insurance for the Property in an amount not less than the initial aggregate principal amount of the Bonds. Such policy or policies of title insurance shall show leasehold estate to the Property in the name of the Borrower and a sub-leasehold estate title to the Property in the name of the City, subject to Permitted Encumbrances as will not, in the opinion of the City, materially

adversely affect the use and possession of the Property and will not result in the abatement of Base Rental payable by the City under the Lease.

6) All policies or certificates issued by the respective insurers for insurance, with the exception of workers' compensation insurance, shall provide that such policies or certificates shall not be cancelled or materially changed without at least thirty (30) days' prior written notice to the Trustee. The City shall deliver to the Trustee on the Commencement Date and on or prior to July 1 of each year thereafter a certificate signed by a duly authorized City Representative stating whether the City is in compliance with the requirements of this Section and, in the event it is not in compliance, specifying the nature of the noncompliance, and what action the City is taking to remedy such noncompliance.

7) All policies or certificates of insurance held by the City provided for herein shall name the City as a named insured, and if available, the policies and certificates described in clauses (1), (2), (4) and (5) above shall name (in addition to the City) the Trustee as an additional insured or loss payee, as applicable, and the policy described in clause (2) shall name (in additional to the City) the Borrower as an additional insured. All proceeds of insurance maintained under clauses (1), (2), (3), (4) and (5) above shall be deposited with the City.

Notwithstanding the generality of the foregoing, the City shall not be required to maintain or cause to be maintained more insurance than is specifically referred to above or any policies of insurance other than standard policies of insurance with standard deductibles offered by reputable insurers on the open market.

All permitted self-insurance shall be biannually reviewed by the Chief Financial Officer of the City, who shall provide the Trustee a report as to the sufficiency thereof.

Total Condemnation

If the Property, or so much thereof as to render the remainder of the Property unusable for the City's purposes under the Lease, shall be taken under the power of eminent domain, then the Lease shall terminate as of the day possession shall be so taken.

Partial Condemnation

If less than a substantial portion of the Property shall be taken under the power of eminent domain, and the remainder is useable for the City's purposes, then the Lease shall continue in full force and effect as to the remaining portions of the Property, subject only to such rental abatement as is required by the Lease. The City and the Borrower waive the benefit of any law to the contrary. Any award made in eminent domain proceedings (including an award relating to total condemnation) for the taking shall be transferred by the City to the Trustee for application in accordance with the provisions of the Indenture. The Borrower shall act upon the direction of the City as to application of such proceeds. If the City elects to apply such proceeds to the replacement of the condemned portion of the Property (in the event there has been an abatement of rental payments), then rental payments shall again begin to accrue with respect the replacement portion of the Property upon restoration of the City to its right to use and possess such replacement portion of the Property.

Condemnation Covenant

The City covenants and agrees in the Lease, to the extent it may lawfully do so, that so long as any of the Bonds remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Property. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the Property, the appraised value of the Property shall not be less than the greater of (i) if the Bonds are then subject to redemption, the principal and interest portions of the Bonds outstanding through the date of their redemption, or (ii) if the Bonds are not then subject to redemption, the amount necessary to defease such Bonds to the first available redemption date in accordance with the Indenture. The parties acknowledge that the City is contemplating the widening of South Rose Avenue and East Channel Islands Boulevard, which would require the taking of a portion of the Property. The parties agree that such taking shall not impair the City's use and possession of the Property, will not affect the value of the Property of the fair market rental value thereof and will not result in an abatement of Base Rental payable by the City under the Lease

Assignment and Lease

The City shall not sell, mortgage, pledge, assign, or transfer any interest of the City in the Lease by voluntary act or by operation of law, or otherwise; provided, however, that the City may sub-sublease all or any portion of the Property and may grant concessions to others involving the use of any portion of the Property, whether such concessions purport to convey a sub-subleasehold interest or a license to use a portion of the Property; provided, however, that such sub-sublease or grant shall be subject to the terms hereof. The City shall at all times remain primarily liable for the performance of the covenants and conditions on its part to be performed under the Lease, notwithstanding any subletting or granting of concessions that may be made. Nothing herein contained shall be construed to relieve the City of its obligation to pay Base Rental and Additional Rental as provided in the Lease or to relieve the City from any other obligations contained herein. In no event shall the City sublease to or permit the use of all or any part of the Property by any person so as to adversely affect the exclusion from gross income of interest on the Series A Bonds for federal income tax purposes.

The Borrower shall, concurrently with the execution of the Indenture, assign all of its right, title, and interest in and to the Lease (except for its right to payment of its expenses, its right to indemnification, and its right to receive certain notices), including without limitation its right to receive Base Rental payable under the Lease, to the Trustee pursuant to the Indenture, and the City consents to and approves such assignment. The parties further agree to execute any and all documents necessary and proper in connection therewith.

Indemnification and Hold Harmless Agreement

To the extent permitted by law, and except in the case of recklessness or willful misconduct of the Borrower and its members, officers, directors, agents, and employees or the Borrower's breach of any representation, warranty, or covenant contained in the Borrower Documents and exclusive in all cases of any activities or liabilities relating to the construction of the Fire Station, the City agrees to indemnify and hold the Borrower and its officers and directors harmless against any and all liabilities that might arise out of or are related to the Property or any portion thereof including entitlement thereof, and the City further agrees to defend the Borrower and its officers and directors in any action arising out of or related to the Property or any portion thereof. The City further agrees to pay, on behalf of the Borrower, when and as due, (i) any amounts owed by the Borrower to the Authority pursuant to the Loan Agreement, subject to the limitations and exclusions contained in the Loan Agreement, and (ii) except in the case of recklessness or willful misconduct of the Borrower or its members, officers, directors, agents and employees or the Borrower's breach of any representation, warranty, or covenant contained in the Borrower Documents, any amounts owed by the Borrower to the Trustee pursuant to the Loan Agreement, subject to the limitations and exclusions contained in the Loan Agreement, it being further agreed that (a) this sentence shall survive the termination of the Lease, (b) the Authority and the Trustee shall be third party beneficiaries for the purpose of enforcing this sentence, and (c) the City's obligation to make payments under this sentence are not rent obligations and are not subject to abatement.

Events of Default

If (i) the City shall fail to deposit with the Trustee any Base Rental payment required to be so deposited by the close of business on the day such deposit is due and payable; (ii) the City shall fail to pay any item of Additional Rental as and when the same shall become due and payable; (iii) the City shall breach any other terms, covenants, or conditions contained in the Lease, and shall fail to remedy any such breach with all reasonable dispatch within a period of thirty (30) days after written notice thereof shall have been given to the City from the Borrower, or the Trustee, or, if such breach cannot be remedied within such 30-day period, the City shall fail to institute corrective action within such 30-day period and diligently pursue the same to completion (provided that in the event such breach as provided in clause (iii) hereof is not cured within sixty (60) days, the City shall pursue the same to completion beyond the grace period provided in this paragraph (a)); or (iv) the City shall file a case in bankruptcy, or any right or interest of the City under the Lease shall be subjected to any execution, garnishment, or attachment, or the City shall be adjudicated as bankrupt, or any assignment shall be made by the City for the benefit of creditors, or the City shall enter into an agreement of composition with creditors, or a court of competent jurisdiction shall approve of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act that may hereafter be enacted, then and in any such event the City shall be deemed to be in default under the Lease.

Remedies on Default

Upon any such default, the Borrower, and the Trustee, as its assignee, in addition to all other rights and remedies either may have at law, may:

a) Terminate the Lease in the manner provided below on account of default by the City, notwithstanding any re-entry or re-letting of the Property as provided for in subparagraph (b) below, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place located within the geographical boundaries of the City, for the account of and at the expense of the City. In the event of such termination, the City shall surrender immediately possession of the Property, without let or hindrance, and shall pay the Borrower all damages recoverable at law that the Borrower may incur by reason of default by the City, including, without limitation, any costs, loss, or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Borrower or its duly authorized agents in accordance with the provisions hereof. Neither notice to pay rent or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Borrower nor any proceeding in unlawful detainer, or otherwise, brought by the Borrower for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Borrower to protect the Borrower's interest under the Lease shall of itself operate to terminate the Lease, and no termination of the Lease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Borrower shall have given written notice to the City of the election on the part of the Borrower to terminate the Lease. The City covenants and agrees that no surrender of the Property or of the remainder of the Lease Term or any termination of the Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Borrower by such written notice.

b) Without terminating the Lease, (A) collect each installment of Base Rental and Additional Rental as it becomes due and enforce any other terms or provisions hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Property or (B) exercise any and all rights of entry and re-entry upon the Property. In the event the Borrower does not elect to terminate the Lease in the manner provided for in subparagraph (a) above, the City shall remain liable and shall keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the rent to the end of the Lease Term or, in the event that the Property is re-let, to pay any deficiency in rent that results therefrom; and the City shall pay said rent or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent, notwithstanding that the Borrower may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Borrower or suit in unlawful detainer, or otherwise, brought by the Borrower for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Borrower elect to re-enter as herein provided, the City irrevocably appoints the Borrower as the agent and attorney-in-fact of the City to re-let the Property, or any part thereof, from time to time, either in the Borrower's name or otherwise, upon such terms and conditions and for such use and period as the Borrower may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place located within the geographical boundaries of the City, for the account of and at the expense of the City, and the City indemnifies and agrees to save harmless the Borrower from any costs, loss, or damage whatsoever arising out of, in connection with, or incident to any such reentry upon and re-letting of the Property and removal and storage of such property by the Borrower or its duly authorized agents in accordance with the provisions hereof. The City agrees that the terms of the Lease constitute full and sufficient notice of the right of the Borrower to re-let the Property in the event of such re-entry without effecting a surrender of the Lease, and further agrees that no acts of the Borrower in effecting such re-letting shall constitute a surrender or termination of the Lease, irrespective of the use or the term for which such re-letting is made or the terms and conditions of such reletting, or otherwise, but that, on the contrary, in the event of such default by the City, the right to terminate the Lease shall vest in the Borrower, to be effected in the sole and exclusive manner provided for in subparagraph (i) above. The City further waives the right to any rental obtained by the Borrower in excess of the rental specified in the Lease and conveys and releases such excess to the Borrower as compensation to the Borrower for its services in re-letting the Property.

c) In addition to the other remedies set forth in this section, upon the occurrence of an event of default as described in section "Events of Default" above, the Borrower and the Trustee, as its assignee, shall be entitled to proceed to protect and enforce the rights vested in the Borrower and its assignee by the Lease or by law. The provisions of the Lease and the duties of the City and of its council members, officers, or employees shall be enforceable by the Borrower or its assignee by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Borrower and its assignee may bring the following actions:

i. Accounting. By action or suit in equity to require the City and its council members, officers, and employees and its assigns to account as the trustee of an express trust.

ii. Injunction. By action or suit in equity to enjoin any acts or things that may be unlawful or in violation of the rights of the Borrower or its assignee.

iii. Mandamus. By mandamus or other suit, action, or proceeding at law or in equity to enforce the Borrower's or its assignee's rights against the City (and its council members, officers, and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the Borrower as provided herein.

d) The termination of the Lease by the Borrower and its assignees on account of a default by the City under this section shall not affect or result in a termination of the lease of the Property by the City to the Borrower pursuant to the Site Lease.

Each and every remedy of the Borrower or any assignee of the rights of the Borrower under the Lease is cumulative and the exercise of one remedy shall not impair the right of the Borrower or its assignee to any or all other remedies. If any statute or rule validly shall limit the remedies given to the Borrower or any assignee of the rights of the Borrower under the Lease, the Borrower or its assignee nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

All damages and other payments received by the Borrower pursuant to this section shall be applied in the manner set forth in the Indenture.

Notwithstanding anything to the contrary contained in the Lease, in no event shall the Borrower re-let the Property to any lessee that is not itself a governmental entity without first obtaining an opinion of Independent Counsel to the effect that such re-letting will not adversely affect the exclusion from gross income of interest on the Series A Bonds for federal income tax purposes.

Option to Purchase

The City shall have the exclusive right and option, which shall be irrevocable during the Lease Term, to purchase all of the Borrower's right, title, and interest in the Property on any Business Day, upon payment of the respective option price for the Property, as further described below, but only if the City is not in default under the Lease and only in the manner provided in this section.

The option price of the Property in any Lease Year shall be an amount equal to the redemption price of Outstanding Bonds, including redemption premium, if any, as set forth in the Indenture, in the principal amount equal to the principal components of the Base Rental payments remaining, as of the date such option will be exercised, plus the applicable prepayment premium, if any, as set forth in the Indenture, plus accrued interest to the date of redemption of the Bonds to be redeemed. Such option price is intended to represent the then fair value of the Property.

On the Business Day on which the City intends to exercise its option under the Lease, which date shall be a date on which the Bonds are subject to optional redemption, the City shall exercise its option to purchase by giving notice to the Trustee of its intention to exercise its option under the Lease not less than forty-five (45) days prior to the Business Day on which it intends to exercise its option under the Lease and shall arrange for the deposit with the Trustee by the date on which it intends to exercise its option to purchase under the Lease an amount equal to the option price.

On any Business Day as to which the City shall properly have exercised the option granted it pursuant under the Lease with respect to the Property and shall have paid or made provision (as set forth in the preceding paragraphs) for the payment of the required option price and provided for the defeasance of the Bonds in accordance with the terms and provisions of the Indenture or shall have caused the redemption of the Bonds in accordance with the terms and provisions of the Indenture, as applicable, the Borrower shall execute and deliver to the City a quitclaim deed conveying to the City or its nominee the

Borrower's right, title, and interest in the Property and Borrower shall cause the cancellation of the Deed of Trust. If (A) the City shall (i) properly exercise the option provided in this section prior to the expiration of the Lease Term and (ii) provide for the defeasance of the Bonds in accordance with the terms and provisions of the Indenture or shall have caused the redemption of the Bonds in accordance with the terms and provisions of the Indenture, as applicable, and (B) the Borrower shall execute and deliver the quitclaim deed to the Property as aforesaid, then the Lease shall terminate.

Amendment

The Lease may be amended in writing by agreement between the Borrower and the City, with the consent of the Trustee, but no such amendment shall become effective as to the Owners unless and until approved in writing by the Owners of a majority in aggregate principal amount of Bonds then Outstanding. Notwithstanding the foregoing, the Lease and the rights and obligations provided thereby may also be modified or amended at any time, without the consent of any Owners, upon the written agreement of the City and the Borrower, but only (1) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting, or supplementing any defective provision contained in the Lease, (2) in regard to questions arising under the Lease that the City and the Borrower may deem necessary or desirable and not inconsistent with the Lease and that shall not adversely affect the interests of the Owners of the Bonds then Outstanding, or (3) for any other reason, provided such modification or amendment does not adversely affect the interests of the Owners of the Bonds then Outstanding; provided that the City and the Borrower may rely in entering into any such amendment or modification thereof, upon the Opinion of Bond Counsel stating that the requirements of this sentence have been met with respect to such amendment or modification. No such amendment shall (i) reduce the percentage of Bonds required for the written consent to any such amendment or modification, (ii) without its written consent thereto, modify any of the rights or obligations of the Trustee, or (iii) impair the right of any Owner to receive principal and interest in accordance with the terms of such Owner's Bond.

Excess Payments

Notwithstanding anything contained in the Lease or in the Indenture to the contrary, if for any reason, including but not limited to damage, destruction, condemnation, transfer, sale, or disposition, the City or the Trustee receives payments, proceeds, or awards with respect to the Property in excess of the amounts necessary to pay or prepay or provide in accordance with the Indenture for the payment or redemption of all of the Outstanding Bonds and all other amounts due under the Lease and under the Indenture, such excess shall represent the City's equity interest in the Property and shall all be paid to the City.

SITE LEASE

Definitions

"Asbestos Containing Materials" shall mean material in friable form containing more than one percent (1%) of the asbestiform varieties of (a) chrysotile (serpentine); (b) crocidolite (ricbeckite); (c) amosite (cummington-itegrinerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Environmental Regulations" shall mean all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right to Know Act, as amended (42 U.S.C.

Section 11001, et seq.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) (together with the regulations promulgated thereunder, "CAA"), and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601 et seq.) (together with the regulations promulgated thereunder, "TSCA"), and any state or local similar laws and regulations and any so called local, state, or federal "superfund" or "superlien" law.

"Hazardous Materials" shall have the meaning given in the Site Lease.

"Laws and Regulations" shall have the meaning given in the Site Lease.

"Release" shall have the meaning given in the Site Lease.

"Site" means the real property underlying the Fire Station.

"Unknown Site Condition" means the discovery of historical or archeological or cultural finds, rare, endangered or threatened species, underground obstructions, underground utilities, geotechnical or soils issues or defects, faults, anomalies, or unknown features or conditions with respect to the Site which were not actually known by the Borrower as of the date of execution of the Site Lease.

Term

The Site Lease shall commence on the Issue Date and end on the earlier to occur of (i) he final maturity date of the Bonds; provided that in the event the principal of and interest on the Bonds and all other amounts payable under the Lease and the Indenture shall not be fully paid, or if the Base Rental or Additional Rental due under the Lease shall have been abated at any time as permitted by the terms of the Lease, then the term of the Site Lease shall be extended, except that the term shall in no event be extended beyond December 1, 2041, or (ii) the date upon which the Indenture shall have been discharged in accordance with the provisions of the Indenture.

Mortgagee Protection

(a) Leasehold Mortgage. The City acknowledges that Borrower shall pledge, mortgage or encumber the leasehold estate that it holds under the Site Lease by entering into the Deed of Trust, which is herein referred to as the "Leasehold Mortgage," and the Beneficiary under the Leasehold Mortgage is herein referred to as the "Leasehold Mortgagee." The parties acknowledge that concurrently with the filing of record of the Site Lease in the Official Records of Ventura County, Borrower has executed and caused to be filed of record that certain Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, of even date with the Site Lease, executed by Borrower, as trustor, in favor of First American Title Company, as trustee, for the benefit of Wilmington Trust, N.A., as beneficiary (the "Beneficiary"), encumbering Borrower's leasehold interest under the Site Lease (the "Deed of Trust").

(b) Recognition. The City recognizes the Beneficiary and shall send to Beneficiary duplicates of notices tendered to the Borrower pursuant to and in accordance with the Site Lease.

(c) Leasehold Mortgagee Rights. Subject to the foregoing, the City agrees with and for the benefit of the Leasehold Mortgagee and the permitted successors and assigns of the Leasehold Mortgagee:

(i) When giving notice to the Borrower with respect to any default under the Site Lease, the City will also give a copy of such notice to the Leasehold Mortgagee in accordance with the Site Lease.

(ii) In the event that the Borrower shall default in respect of any of the provisions of the Site Lease, the Leasehold Mortgagee shall have the right but not the obligation to cure such default, including, without limitation, the failure to perform any matter or thing which the Borrower is required to do or perform under the Lease, and the City shall accept performance by or on behalf of the Leasehold Mortgagee as though and with the same effect as if it had been done or performed by the Borrower. The Leasehold Mortgagee will have a period of time after the service of such notice upon it within which to cure the default specified in such notice, or cause it to be cured, which is the same period for cure, if any, as is given to the Borrower under the Site Lease in respect of the specified default after the giving of such notice to the Borrower, plus an additional period of ten (10) business days.

(iii) Any default of the Borrower under any provision of the Site Lease which is not reasonably susceptible of being cured by the Leasehold Mortgagee shall be deemed to have been waived by the City upon completion of foreclosure proceedings or when the Leasehold Mortgagee, or its nominee shall otherwise acquire title to the Borrower's interest in the Site Lease. Any default which is reasonably susceptible of being cured after such completion or acquisition shall thereafter be cured with reasonable diligence. Without limiting the generality of the foregoing, as used in this subsection (iii), a default or an event of default, or unfulfilled obligation, not "reasonably susceptible" of being cured or performed by the Leasehold Mortgagee shall include any bankruptcy, insolvency or receivership or similar event related to the Borrower.

(iv) Although it is not obligated to do so, the Leasehold Mortgagee (or its designee or nominee) may become the legal owner and holder of the interest of the Borrower under the Site Lease, including, without limitation, the interest of the Borrower in all improvements erected by the Borrower on the Site, by foreclosure or other enforcement proceedings, or by obtaining an assignment of the Site Lease in lieu of foreclosure or through settlement of or arising out of any pending or threatened foreclosure proceeding, without the City's consent, but otherwise subject to the applicable terms and provisions of the Site Lease. In such event, the Leasehold Mortgagee (or its designee or nominee) shall have the right thereafter to assign the Site Lease with prior consent by the City and otherwise subject to the terms and provisions of the Site Lease. Upon the delivery to the City of a duplicate original of an instrument of assignment containing the assignee's assumption of the Site Lease, such assignee of the Leasehold Mortgagee shall become the lessee under the Site Lease, and shall be substituted for the Leasehold Mortgagee as the owner and holder of the Site Lease for all purposes, as of the date of such assignment; and from and after the date of such assignment the Leasehold Mortgagee (or its designee or nominee) shall be released from all liability under the Site Lease thereafter arising.

(v) If the Borrower fails to observe or perform any of its obligations under the Site Lease, the Leasehold Mortgagee may, but shall not be obligated to, observe or perform such obligations for and on behalf of the Borrower, whether or not the Borrower shall be in default under the Site Lease.

(vi) As long as the Leasehold Mortgage is outstanding on the Site, the City and the Borrower mutually agree that the City will not materially modify or amend, or cancel or accept a surrender of the Site Lease (provided that the Leasehold Mortgagee remedies any default as provided in this section). Subject to the foregoing, any such material modification or amendment, cancellation, or surrender without the written consent of the Leasehold Mortgagee shall be void and of no force or effect.

(vii) No union of the interests of the Borrower and the City shall result in a merger of the leasehold interests in the Site without the prior written consent of the Leasehold Mortgagee.

Assignment and Lease

So long as no event of default has occurred and is continuing under the Lease, the Borrower shall not sell, assign, mortgage, hypothecate, or otherwise encumber the Site Lease and any rights thereunder, and the leasehold created by the Lease, by trust agreement, indenture, or deed of trust or otherwise or sublet any Site without the prior written consent of the City, except that the City expressly approves and consents to (a) the assignment and transfer of the Borrower's right, title, and interest in the Site Lease to the Trustee pursuant to the Indenture, and (b) the encumbering of the Borrower's leasehold under the Site Lease pursuant to the Deed of Trust. Upon the occurrence of an event of default under the Lease, the Trustee may mortgage, sell, assign, or encumber the Site Lease and the City shall not have any consent rights in respect thereto.

Right of Entry

The City reserves the right for any of its duly authorized representatives to enter upon the Site at any reasonable time.

Expiration

The Borrower agrees, upon the expiration of the Site Lease, to quit and surrender the entire Site

Taxes and Insurance

The City covenants and agrees to pay any and all taxes and assessments levied or assessed upon the Site. The City further covenants and agrees to maintain insurance on the Site required pursuant to the Lease.

Eminent Domain

If the whole or any part of the Site shall be taken under the power of eminent domain, the interest of the Borrower shall be recognized and is determined to be the aggregate amount of unpaid Base Rental (plus accrued interest to the date of redemption of the allocable portion of the Bonds relating to such portion) under the Lease attributable to such portion of the Site taken under the power of eminent domain and shall be paid to the Trustee in accordance with the terms of the Lease and the Indenture.

Default

In the event that the Borrower or its assignee shall be in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, the City may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Lease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate the Site Lease by reason of any default on the part of the Borrower or its assignee. So long as any such assignee of the Borrower or any successor in interest to the Borrower shall duly perform the terms and conditions of the Site Lease, such assignee shall be deemed to be and shall become the lessee of the City under the Site Lease and shall be entitled to all of the rights and privileges granted under any such assignment.

Compliance with laws and Regulations

(a) The City has, after due inquiry, no knowledge and has not given or received any written notice indicating that the Site or the past or present use thereof or any practice, procedure, or policy employed by it in the conduct of its business materially violates any applicable law, regulation, code, order, rule, judgment, or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, or restrictive covenants or other agreements affecting title to the Site (collectively, "Laws and Regulations"). Without limiting the generality of the foregoing, neither the City nor, to the best of its knowledge, after due inquiry, any prior or present owner, the Borrower, or sublessee of the Site has, other than as set forth in subsections (a) and (b) of this Section or as may have been remediated in accordance with Laws and Regulations, (i) used, treated, stored, transported, or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA, and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the City, the Site or the business operations conducted by the City thereon (collectively, "Hazardous Materials") on, from, or beneath the Site, (ii) pumped, spilled, leaked, disposed of, emptied, discharged, or released (hereinafter collectively referred to as "Release") any material amount of Hazardous Materials on, from, or beneath the Site, or (iii) stored any material amount of petroleum products at the Site in underground storage tanks.

(b) Excluded from the representations and warranties in subsection (a) above with respect to Hazardous Materials are those Hazardous Materials in those amounts ordinarily found in the inventory of the users of the Site or used in the maintenance of the Site, the use, treatment, storage, transportation, and disposal of which has been and shall be in compliance with all Laws and Regulations. The City acknowledges that currently, surface asphalt paving, surface and subterranean concrete foundations and/or other structures, underground utilities including piping and a septic tank with leach field (the "Known Site Conditions") exist on the Site. The City further acknowledges that such Known Site Conditions will need to be remediated, including demolition and removal thereof, in order for the construction of the Fire Station to commence. The City covenants to take all actions necessary to remediate the Known Site Condition by no later than 180 days from the Issue Date.

(c) None of the Site located in an area of high potential incidence of radon has an unventilated basement or subsurface portion that is occupied or used for any purpose other than the support of the improvements to such Site.

(d) The City has not received any notice from any insurance company that has issued a policy with respect to the Site or from the applicable state or local government agency responsible for insurance standards (or any other body exercising similar functions) requiring the performance of any repairs, alterations, or other work, which repairs, alterations, or other work have not been completed at the Site. The City has not received any notice of default or breach that has not been cured under any covenant, condition, restriction, right of way, reciprocal easement agreement, or other easement affecting the Site that is to be performed or complied with by it.

Environmental Compliance

(a) Neither the City nor the Borrower shall use or permit the Site or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport, or dispose of, transfer, produce, or process

Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Site and then only in compliance with all Environmental Regulations and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any lessee, sublessee, licensee, guest, invitee, contractor, employee, and agent, the storage, transportation, disposal, or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from, or beneath the Site or onto any other sites, excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of the respective user of each of the Components, the use, storage, treatment, transportation, and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the City shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Trustee, all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials so released, on, from, or beneath the Site, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) and only to the extent necessary to maintain the improvements on the Site.

(b) The City and the Borrower shall comply with, and shall cause their lessees, sublessees, licensees, guests, invitees, contractors, employees, and agents to comply with, all Environmental Regulations, and shall keep the Site free and clear of any liens imposed pursuant thereto (provided, however, that any such liens, if not discharged, may be bonded). The City and the Borrower shall cause each lessee under any lease, and use its best efforts to cause all of such lessee's sublessees, agents, licensees, employees, contractors, guests, and invitees and the guests and invitees of all of the foregoing to comply with all Environmental Regulations with respect to the Site; provided, however, that, notwithstanding that a portion of this covenant is limited to the City's and the Borrower's use of its best efforts, the Borrower and the City shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the City's and the Borrower's obligations contained in subsection (c) hereof as provided in subsection (c) hereof. Upon receipt of any notice from any person with regard to the Release of Hazardous Materials on, from, or beneath the Site, the City and the Borrower shall give prompt written notice thereof to the Borrower (and, in any event, prior to the expiration of any period in which to respond to such notice under any Environmental Regulation).

(c) Irrespective of whether any representation or warranty contained in this Environmental Compliance section is not true or correct, the City shall defend, indemnify, and hold harmless the Borrower and the Trustee, and each of their respective members, employees, officers, directors, successors, and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce the indemnification contained in this section), consultants' fees, investigation and laboratory fees, liabilities, settlements (five (5) Business Days' prior notice of which the Borrower or the Trustee, as appropriate, shall have delivered to the City), court costs, damages, losses, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (i) the presence, disposal, Release, threat of Release, removal, discharge, storage, or transportation of any Hazardous Materials on, from, or beneath the Site, (ii) the presence of any Unknown Site Condition or noncompliance with the requirement of the City to remediate the Known Site Condition as required under Section 15(b) hereof, (iii) any personal injury (including wrongful death) or Site damage (real or personal) arising out of or related to such Hazardous Materials, (iv) any lawsuit brought or threatened, settlement reached (five (5) Business Days' prior notice of which the City or the Trustee, as appropriate, shall have delivered to the City), or governmental order relating to Hazardous Materials on, from, or beneath any of the Site, (v) any violation of Environmental Regulations or subsection (a) or (b) hereof by it or any of its agents, lessees, employees, contractors, licensees, guests, sublessees, or invitees, and (vi) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs (collectively, "Claims"), exclusive of any Claims arising due to any actions taken or not taken by the Borrower, including without limitation, any Claims arising from or relating to the construction of the Fire Station, and the Borrower shall defend, indemnify, and hold harmless the City and the Trustee, and each of their respective employees, officers, directors, successors, and assigns from and against any such Claims arising due to any actions taken or not taken by the Borrower. To the extent that the Borrower or the City is strictly liable under any Environmental Regulation, the Borrower's or the City's, as applicable, obligation to the Trustee, and the other indemnities under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation that results in liability to any indemnities. The Borrower's or the City's, as applicable, obligations and liabilities under this section (c) shall survive any sale, assignment, or re letting of the leasehold estate in the Site and the satisfaction and payment of all Bonds.

(d) The City shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair, and replace such tanks only in accordance with Laws and Regulations, including but not limited to Environmental Regulations.

Delay

The City shall defend, indemnify, and hold harmless the Borrower and the Trustee, and each of their respective members, employees, officers, directors, successors, and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce the indemnification contained in this section), consultants' fees, investigation and laboratory fees, liabilities, settlements (five (5) Business Days' prior notice of which the Borrower or the Trustee, as appropriate, shall have delivered to the City), court costs, damages, losses, costs, or expenses of whatever kind or nature, known or unknown, including, without limitation, the Borrower's obligation to pay Loan Payments under the Loan Agreement as such payments become due and payable thereunder to the extent that the Borrower has no other funds available and no other funds, including, without limitation, capitalized interest, are available to make such payments, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, delay in the Commencement Date solely as a result of any delay, act or failure to act by the City, City's employees, agents, independent contractors, consultants or any other person performing or required to perform services on behalf of the City and acting in accordance with the City's instructions. If the delay is the result of an act or failure to act on the part of the City such act or failure to act must be intentional or willful in bad faith.

Amendment

The Site Lease may be amended in writing by agreement between the Borrower and the City, with the consent of the Trustee, but no such amendment shall become effective as to the Owners unless and until approved in writing by the Owners of a majority in aggregate principal amount of Bonds then Outstanding. Notwithstanding the foregoing, the Site Lease and the rights and obligations provided thereby may also be modified or amended at any time, without the consent of any Owners, upon the written agreement of the City and the Borrower, but only (1) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting, or supplementing any defective provision contained in the Site Lease, (2) in regard to questions arising under the Site Lease that the City and the Borrower may deem necessary or desirable and not inconsistent with the Site Lease and that shall not adversely affect the interests of the Owners of the Series A Bonds then Outstanding, or (3) for any other reason, provided such modification or amendment does not adversely affect the interests of the Owners of the Bonds then Outstanding; provided that the City and the Borrower may rely in entering into any such amendment or modification thereof, upon the Opinion of Bond Counsel stating that the requirements of this sentence have been met with respect to such amendment or modification. No such amendment shall (i) reduce the percentage of Bonds required for the written consent to any such amendment or modification, (ii) without its written consent thereto, modify any of the rights or obligations of the Trustee, or (iii) impair the right of any Owner to receive principal and interest in accordance with the terms of such Owner's Bond.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of January 1, 2014, is executed and delivered by the Oxnard Fire Station, LLC (the "Borrower") and Kosmont Realty Corp., as dissemination agent (the "Dissemination Agent"), in connection with the issuance of the $15,160,000 California Municipal Finance Authority Revenue Bonds (Oxnard Fire Station Project) 2014 Series A (the "Series A Bonds") and $220,000 California Municipal Finance Authority Revenue Bonds (Oxnard Fire Station Project) 2014 Series B (Taxable) (the "Series B Bonds," and together with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to provisions of an Indenture of Trust, dated as of January 1, 2014 (the "Indenture"), by and between the California Municipal Finance Authority (the "Issuer") and Wilmington Trust, N.A., as trustee (the "Trustee"). The Borrower and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report or any addendum thereto provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"City" shall mean the City of Oxnard, California.

"Disclosure Representative" shall mean Gary Molenda or his or her designee, or such other officer, employee or agent as the Borrower shall designate in writing to the Trustee and Dissemination Agent from time to time.

"Dissemination Agent" shall mean Kosmont Realty Corp., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filing with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The Borrower shall, or shall cause the Dissemination Agent to, not later than March 31 of each year, commencing March 31, 2015, provide to the MSRB and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Borrower shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Borrower of such failure to receive the Annual Report. The Borrower shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Borrower and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall, to the extent information is known to it, file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 4. Content of Annual Reports. The Borrower's Annual Report shall contain or include by reference (unless otherwise stated, such information shall be as of the end of the most recent Fiscal Year of the City) the audited financial statements of the City, prepared in accordance with generally accepted accounting principles in effect from time to time. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Such audited financial statements may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet Website or filed with the SEC.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this section, upon the occurrence of any of the following events (in each case to the extent applicable) with respect to the Bonds, the Borrower shall give, or cause to be given by so notifying the Dissemination Agent in writing and instructing the Dissemination Agent to give, notice of the occurrence of such event, in each case, pursuant to Section 5(c) hereof:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Bondholders, if material;
4. optional, contingent or unscheduled calls, if material, and tender offers;
5. defeasances;
6. rating changes;
7. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series A Bonds or other material events affecting the tax status of the Series A Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds, if material;
12. bankruptcy, insolvency, receivership or similar proceedings of the Borrower, which shall occur as described below;
13. appointment of a successor or additional trustee or the change of name of a trustee, if material, or;

14. the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

For these purposes, any event described in item 12 of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Borrower in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower.

(b) Upon receipt of notice from the Borrower and instruction by the Borrower to report the occurrence of any Listed Event, the Dissemination Agent shall provide notice thereof to the MSRB in accordance with Section 5(c) hereof. In the event the Dissemination Agent shall obtain actual knowledge of the occurrence of any of the Listed Events, the Dissemination Agent shall, immediately after obtaining such knowledge, contact the Disclosure Representative, inform such person of the event, and request that the Borrower promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(c). For purposes of this Disclosure Agreement, “actual knowledge” of the occurrence of such Listed Event shall mean actual knowledge by the Dissemination Agent, if other than the Trustee, and if the Dissemination Agent is the Trustee, then by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture. The Dissemination Agent shall have no responsibility to determine the materiality, if applicable, of any of the Listed Events.

(c) The Borrower, or the Dissemination Agent, if the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Listed Event, shall file a notice of such occurrence with the MSRB in a timely manner not more than ten business days after the occurrence of the event.

SECTION 6. <u>Provisions of Construction Reports</u>. Until completion of the construction of the Facilities (as defined in the Indenture) and issuance of a certificate of occupancy, the Borrower shall provide, or shall cause the Dissemination Agent to provide, not later than 15 business days after the end of each month, to the MSRB, the Construction Reports (as defined below). Not later than five business days prior to the date required for providing Construction Reports to the MSRB, the Borrower shall provide the Construction Reports to the Dissemination Agent. “Construction Reports” shall include the monthly construction progress report made by Michael Faulconer, AIA, NCARB, as the Owner’s Inspector of the Facilities, to the Borrower as to the status of construction of the Facilities in accordance with plans and specifications, the project schedule and the development budget.

If the Dissemination Agent has not been provided with the Construction Reports to submit to the MSRB or with evidence of the submission by the Borrower of the Construction Reports by the date required in this Section 6, the Dissemination Agent shall send a notice to the MSRB in substantially the form attached hereto as Exhibit A, with a copy to the Borrower, in an electronic format or as otherwise prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Borrower's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be Kosmont Realty Corp. The Dissemination Agent may resign by providing thirty days' written notice to the Borrower and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Borrower. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Borrower in a timely manner and in a form suitable for filing.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower) provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder, and any provision of this Disclosure Agreement may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Borrower shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Default. In the event of a failure of the Borrower to comply with any provision of this Disclosure Agreement, the Trustee (at the written request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 13. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture pertaining to the Trustee is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Trustee and Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent and Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or Trustee's respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Borrower for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Bondholders, or any other party. Neither the Trustee nor the Dissemination Agent shall have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Disclosure Agreement. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 14. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Borrower:
Oxnard Fire Station, LLC
c/o Community Finance Corporation
335 N. Wilmot Road, Suite 420
Tucson, Arizona 85711
Attn: Gary Molenda
Phone: (520) 623-3377

To the Dissemination Agent:
Kosmont Realty Corp.
1601 N. Sepulveda Blvd., #382
Manhattan Beach, California 90266
Attn: Dan Massiello
Phone: (213) 417-3300

To the Trustee:
Wilmington Trust, N.A.
650 Town Center Drive, 6th Floor
Costa Mesa, California 92626
Attention: Corporate Trust
Phone: (714) 384-4152

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 15. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

OXNARD FIRE STATION, LLC, an Arizona limited liability company

By: Community Finance Corporation, its sole member

By:______________________________
Michael S. Hammond
Title: President

KOSMONT REALTY CORP., as Dissemination Agent

By ______________________________
Authorized Representative

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE [ANNUAL/CONSTRUCTION] REPORT

Name of Obligated Party:	Oxnard Fire Station, LLC
Name of Bond Issue:	California Municipal Finance Authority Revenue Bonds (Oxnard Fire Station LLC) 2014 Series A and 2014 Series B (Taxable)
Date of Issuance:	January 9, 2014

NOTICE IS HEREBY GIVEN that the Borrower has not provided [an Annual Report/a Construction Report] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of January 1, 2014, with respect to the Bonds. [The Borrower anticipates that the [Annual/Construction] Report will be filed by _____________.]

Dated:_______________

KOSMONT REALTY CORP.,
on behalf of the Borrower

cc: Issuer

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APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

January 9, 2014

California Municipal Finance Authority
2111 Palomar Airport Road, Suite 320
Carlsbad, California 92011

California Municipal Finance Authority

$15,160,000	$220,000
Revenue Bonds	Revenue Bonds
(Oxnard Fire Station Project)	(Oxnard Fire Station Project)
2014 Series A	2014 Series B (Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to the California Municipal Finance Authority (the “Authority”) in connection with the issuance by the Authority of $15,380,000 aggregate principal amount of California Municipal Finance Authority Revenue Bonds (Oxnard Fire Station Project) 2014 Series A (the “Series A Bonds”) and the California Municipal Finance Authority Revenue Bonds (Oxnard Fire Station Project) 2014 Series B (Taxable) (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”) pursuant to the provisions of the Joint Exercise of Powers Act, comprising Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code (the “Act”), and an Indenture of Trust, dated as of January 1, 2014 (the “Indenture”), by and among the Authority, Oxnard Fire Station, LLC (the “Borrower”), an Arizona limited liability company, whose sole member is Community Finance Corporation (the “Member”), an Arizona non-profit corporation, designated as an exempt organization under Section 501 of the Internal Revenue Code of 1986 (the “Code”), and Wilmington Trust, N.A., a national banking association organized under the laws of the United States of America, as trustee (the “Trustee”).

The Indenture provides that the Authority will lend the proceeds of the Bonds to the Borrower pursuant to a Loan Agreement, dated as of January 1, 2014 (the “Loan Agreement”), by and between the Authority and the Borrower, which the Borrower will use to: (i) finance the construction, equipping and renovation of a “turn-key” fire station and related training center (the “Project”) for lease by the Borrower to the City of Oxnard (the “City”); (ii) finance 24 months of capitalized interest on the Bonds; (iii) fund a debt service reserve for the Bonds; and (iv) pay certain of the costs of issuing the Bonds. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The Bonds are dated the date of their delivery and will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof. The Bonds are subject to redemption prior to their maturity in the manner and upon the terms set forth in the Indenture.

We have reviewed the Indenture, the Loan Agreement, the Deed of Trust, the Lease, the Assignment Agreement, the opinions of counsel to the Authority, the Trustee and the Borrower and Member, certificates of the Authority, the Trustee, the Borrower, the Member and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Slosser Struse PLC, counsel to the Borrower regarding, among other matters, (i) the status of the Borrower as an "eligible entity" that is disregarded as an entity separate from the Member for federal income tax purposes, (ii) the status of the Member as an organization described in section 501(c)(3) of the Code, and (iii) the contemplated use of the Project by the Borrower and the Member as other than in an "unrelated trade or business" of the Member within the meaning of section 513(a) of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Borrower to continue as an eligible entity that is so disregarded or of the Member to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in section 501(c)(3) of the Code, or use of the Project in an unrelated trade or business of the Member, may result in interest on the Series A Bonds being included in gross income for federal income tax purposes from the date of issuance of the Series A Bonds.

We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinion, referred to in the fifth paragraph hereof. We have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the Borrower, the Member and others in connection with the Bonds.

The opinions expressed in paragraphs 1, 2, 3 and 4 below are qualified to the extent the enforceability of the Indenture, the Loan Agreement, the Lease and the Bonds may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the Indenture, the Loan Agreement, the Lease and the Bonds is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or subject to the lien of the Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

> 1. The Bonds have been duly and validly authorized and issued by the Authority in accordance with the Constitution and statutes of the State of California, including the Act, and the Indenture. The Bonds constitute the valid and legally binding obligations of the Authority as provided in the Indenture, are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefits of the Act and the Indenture.
>
> 2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority and the Borrower. The Indenture creates a valid pledge of the Revenues to secure the payment of the principal of and interest on the Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority and the Borrower.

4. The Lease has been duly executed and delivered by, and constitutes a valid and binding agreement of, the City and the Borrower.

5. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor any taxing power of the Authority, the State of California or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds.

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the covenants mentioned herein, interest on the Series A Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. In our further opinion, under existing statutes, regulations, rulings and court decisions, the Series A Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, interest on the Series A Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on Series A Bonds owned by a corporation may affect the computation of the alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series A Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the Series A Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the Series A Bonds. Pursuant to the Indenture and the Loan Agreement, and in (i) the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986* being delivered by the Authority and the Borrower, (ii) the *Closing Certificate of Borrower* being delivered by the Borrower and (iii) the *Closing Certificate of Member* being delivered by the Member, all in connection with the issuance of the Series A Bonds, each of the Authority, the Borrower and the Member is making representations relevant to the determination of, and is undertaking certain covenants regarding or affecting, the exclusion of interest on the Series A Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of such representations and the present and future compliance by each of the Authority, the Borrower and the Member with its covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequence with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

CALIFORNIA MUNICIPAL FINANCE AUTHORITY • Revenue Bonds (Oxnard Fire Station Project) 2014 Series A and 2014 Series B (Taxable)

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All quotations from and summaries and explanations of the Indenture, the Loan Agreement, the Continuing Disclosure Agreement, the Office Lease, the Leasehold Deed of Trust and of other documents contained herein do not purport to be complete, and reference is made to such documents for full and complete statements of their provisions. Copies of the foregoing documents may be obtained upon request from the Trustee and upon payment of the expenses incurred in connection therewith.

Any statements in this Official Statement involving matters of opinion are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the Borrower and Owners of any of the Bonds. Appendices A and B hereto, and other portions of this Official Statement, contain certain information with respect to the City. Such information has not been furnished by the City, but has been taken from publicly available information, and the Authority makes no representation or warranty whatsoever with respect to the information contained in such Appendices or any other information contained in this Official Statement, except for information set forth under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority" herein.

This Official Statement and the execution and delivery thereof have been duly approved and authorized by the Borrower.

OXNARD FIRE STATION LLC

By: /s/ Michael S. Hammond
President

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