

In the opinion of Goodwin Procter LLP, Los Angeles, California, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and requirements, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS.”

**CITY OF OXNARD FINANCING AUTHORITY
 LOCAL OBLIGATION REVENUE BONDS
 (2012 SPECIAL DISTRICT BOND REFINANCINGS)
 \$19,505,000 Series A Senior Lien Bonds
 \$9,060,000 Series B Subordinate Lien Bonds**

Dated: Date of Delivery**Due: September 2, as shown on the inside cover**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT 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 City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the “Series A Bonds”), and the City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”), are being issued by the City of Oxnard Financing Authority (the “Authority”) pursuant to an Indenture of Trust, dated as of August 1, 2012 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and will be secured as described herein. The Bonds are being issued to purchase the following obligations: (i) the City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the “AD Bonds”), (ii) the Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “CFD No. 1 Bonds”), and (iii) the City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012 (the “CFD No. 2000-3 Bonds” and, together with the AD Bonds and the CFD No. 1 Bonds, the “Acquired Obligations”). See “THE PLAN OF FINANCE.”

The Bonds will be delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. See “APPENDIX E – Book-Entry Only System.”

Payments of principal of and interest on the Bonds will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of the Bonds as described herein. Interest on the Bonds is payable semiannually on each March 2 and September 2, commencing March 2, 2013, until the maturity or the earlier redemption thereof. Principal and any redemption premiums with respect to each Bond will be paid upon surrender of such Bond at the designated corporate office of the Trustee upon maturity or the earlier redemption thereof.

The Bonds are subject to optional, extraordinary, and mandatory sinking fund redemption prior to the stated maturity dates thereof, as described herein. See “THE BONDS - Redemption.”

THE SERIES B BONDS ARE NOT RATED BY ANY RATING AGENCY, INVOLVE A HIGH DEGREE OF RISK, AND ARE NOT SUITABLE FOR ALL INVESTORS. SEE “RISK FACTORS RELATED TO THE BONDS” AND “RISK FACTORS RELATED TO THE SERIES B BONDS.”

The Series A Bonds are payable solely from Revenues (as defined herein) under the Indenture, consisting of debt service payments on the Acquired Obligations received by the Trustee, as the assignee of the Authority, who is the registered owner of the Acquired Obligations, and amounts in certain funds and accounts pledged under the Indenture. The Series B Bonds are payable solely from Revenues under the Indenture and amounts in certain funds and accounts pledged under the Indenture on a subordinate basis to the Series A Bonds. Debt service payments on the Acquired Obligations are calculated to be sufficient to permit the Authority to pay debt service on the Bonds when due. The Authority has determined that it will not obligate itself to advance funds from its treasury to cover any delinquency on the Acquired Obligations.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF OXNARD (THE “CITY”), THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER. EXCEPT FOR THE REVENUES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NEITHER GENERAL OR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE AUTHORITY, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE EXCLUSIVELY FROM REVENUES, AS PROVIDED IN THE INDENTURE AND AS MORE FULLY DESCRIBED HEREIN. THE AD BONDS ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE REASSESSMENTS LEVIED WITHIN THE CITY OF OXNARD ASSESSMENT DISTRICT NO. 2001-1 (RICE AVENUE/HIGHWAY 101 INTERCHANGE) (THE “ASSESSMENT DISTRICT”) AND CERTAIN OTHER ASSETS PLEDGED THEREFOR UNDER THE AD BONDS FISCAL AGENT AGREEMENT (AS DEFINED HEREIN) PURSUANT TO WHICH SUCH AD BONDS ARE ISSUED. THE CFD NO. 1 BONDS ARE LIMITED OBLIGATIONS OF COMMUNITY FACILITIES DISTRICT NO. 1 (WESTPORT AT MANDALAY BAY) OF THE CITY OF OXNARD (“CFD NO. 1”), PAYABLE SOLELY FROM THE CFD NO. 1 SPECIAL TAXES (AS DEFINED HEREIN) LEVIED ON CERTAIN TAXABLE PROPERTY WITHIN CFD NO. 1 AND CERTAIN OTHER ASSETS PLEDGED THEREFOR UNDER THE CFD NO. 1 BONDS FISCAL AGENT AGREEMENT (AS DEFINED HEREIN) PURSUANT TO WHICH SUCH CFD NO. 1 BONDS ARE ISSUED. THE CFD NO. 2000-3 BONDS ARE LIMITED OBLIGATIONS OF THE CITY OF OXNARD COMMUNITY FACILITIES DISTRICT NO. 2000-3 (OXNARD BOULEVARD/HIGHWAY 101 INTERCHANGE) (“CFD NO. 2000-3” AND, TOGETHER WITH THE ASSESSMENT DISTRICT AND CFD NO. 1, THE “DISTRICTS”) PAYABLE SOLELY FROM THE CFD NO. 2000-3 SPECIAL TAXES (AS DEFINED HEREIN) LEVIED ON CERTAIN TAXABLE PROPERTY WITHIN CFD NO. 2000-3 AND CERTAIN OTHER ASSETS PLEDGED THEREFOR UNDER THE CFD NO. 2000-3 BONDS FISCAL AGENT AGREEMENT (AS DEFINED HEREIN), PURSUANT TO WHICH SUCH CFD NO. 2000-3 BONDS ARE ISSUED. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE ACQUIRED OBLIGATIONS.

See “RISK FACTORS RELATED TO THE BONDS” for a discussion of certain risk factors that should be considered in addition to the other matters set forth herein when evaluating the investment quality of the Bonds generally and “RISK FACTORS RELATED TO THE SERIES B BONDS” for a discussion of certain risk factors that relate specifically to the Series B Bonds.

[See Maturity Schedule on Inside Cover]

The Bonds are offered when, as, and if delivered to and received by the Underwriter, subject to the approval of legality by Goodwin Procter LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Fulbright & Jaworski L.L.P., Los Angeles, California, and for the City, the Authority, and the Districts by the City Attorney and by Goodwin Procter LLP, Los Angeles, California, serving as Bond Counsel or as Disclosure Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York on or about August 30, 2012.

STONE & YOUNGBERG
 A DIVISION OF STIFEL NICOLAUS

Dated: July 31, 2012

MATURITY SCHEDULE

\$19,505,000 SERIES A BONDS

| Maturity Date (September 2) | Principal Amount | Interest Rate | Yield | CUSIP ⁽¹⁾ No. | Maturity Date (September 2) | Principal Amount | Interest Rate | Yield | CUSIP ⁽¹⁾ No. |
|--------------------------------|---------------------|------------------|--------|--------------------------|--------------------------------|---------------------|------------------|----------------------|--------------------------|
| 2013 | \$600,000 | 2.000% | 0.950% | 69187P BX1 | 2020 | \$ 805,000 | 3.000% | 3.190% | 69187P CE2 |
| 2014 | 625,000 | 2.000 | 1.540 | 69187P BY9 | 2021 | 835,000 | 4.000 | 3.380 | 69187P CF9 |
| 2015 | 640,000 | 3.000 | 1.880 | 69187P BZ6 | 2022 | 880,000 | 4.000 | 3.510 | 69187P CG7 |
| 2016 | 670,000 | 3.000 | 2.130 | 69187P CA0 | 2023 | 920,000 | 3.500 | 3.740 | 69187P CH5 |
| 2017 | 695,000 | 3.000 | 2.350 | 69187P CB8 | 2024 | 965,000 | 3.625 | 3.890 | 69187P CJ1 |
| 2018 | 725,000 | 4.000 | 2.630 | 69187P CC6 | 2025 | 1,010,000 | 3.750 | 3.980 | 69187P CK8 |
| 2019 | 760,000 | 4.000 | 2.920 | 69187P CD4 | 2026 | 1,055,000 | 5.000 | 3.920 ⁽²⁾ | 69187P CL6 |

\$4,885,000 5.000% Term Series A Bonds due September 2, 2030; Yield: 4.170% ⁽²⁾ CUSIP ⁽¹⁾ No. 69187P CQ5

\$3,435,000 5.000% Term Series A Bonds due September 2, 2033; Yield: 4.300% ⁽²⁾ CUSIP ⁽¹⁾ No. 69187P CR3

\$9,060,000 SERIES B BONDS

| Maturity Date (September 2) | Principal Amount | Interest Rate | Yield | CUSIP ⁽¹⁾ No. | Maturity Date (September 2) | Principal Amount | Interest Rate | Yield | CUSIP ⁽¹⁾ No. |
|--------------------------------|---------------------|------------------|--------|--------------------------|--------------------------------|---------------------|------------------|--------|--------------------------|
| 2013 | \$275,000 | 2.000% | 1.750% | 69187P CS1 | 2021 | \$390,000 | 4.000% | 4.250% | 69187P DA9 |
| 2014 | 285,000 | 2.250 | 2.500 | 69187P CT9 | 2022 | 405,000 | 4.000 | 4.400% | 69187P DB7 |
| 2015 | 300,000 | 3.000 | 3.000 | 69187P CU6 | 2023 | 430,000 | 4.125 | 4.550% | 69187P DC5 |
| 2016 | 310,000 | 3.000 | 3.200 | 69187P CV4 | 2024 | 445,000 | 4.250 | 4.650% | 69187P DD3 |
| 2017 | 320,000 | 3.000 | 3.400 | 69187P CW2 | 2025 | 475,000 | 4.375 | 4.750% | 69187P DE1 |
| 2018 | 335,000 | 3.250 | 3.650 | 69187P CX0 | 2026 | 495,000 | 4.500 | 4.800% | 69187P DF8 |
| 2019 | 350,000 | 3.500 | 3.875 | 69187P CY8 | 2027 | 520,000 | 4.500 | 4.850% | 69187P DG6 |
| 2020 | 365,000 | 4.000 | 4.125 | 69187P CZ5 | | | | | |

\$3,360,000 5.000% Term Series B Bonds due September 2, 2033; Yield: 5.250% CUSIP ⁽¹⁾ No. 69187P DH4

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(2) Yield to the first optional redemption date of September 2, 2022; callable at par.

No dealer, broker, salesperson, or other person has been authorized by the City, the Authority, or Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus (the "Underwriter"), to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

This Official Statement is not to be construed to be a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly described as such herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth in this Official Statement has been obtained from the City, the Authority, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by the City or the Authority. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority since the date hereof.

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.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT 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.

CITY OF OXNARD, CALIFORNIA

MAYOR AND CITY COUNCIL

Dr. Thomas E. Holden, *Mayor*
Dr. Irene G. Pinkard, *Mayor Pro Tem*
Bryan A. MacDonald, *Councilman*
Tim Flynn, *Councilman*
Carmen Ramirez, *Councilmember*

GOVERNING BOARD OF THE AUTHORITY

Dr. Thomas E. Holden, *Chairman*
Dr. Irene G. Pinkard, *Vice Chair*
Bryan A. MacDonald, *Board Member*
Tim Flynn, *Board Member*
Carmen Ramirez, *Board Member*

CITY OFFICIALS

Karen R. Burnham, *Interim City Manager*
Alan Holmberg, *City Attorney*
Daniel Martinez, *City Clerk*
Danielle Navas, *City Treasurer*
James Cameron, *Chief Financial Officer*
Michael J. More, *Financial Services Manager*

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Los Angeles, California

Trustee, Fiscal Agent, and Escrow Holder
Wells Fargo Bank, National Association
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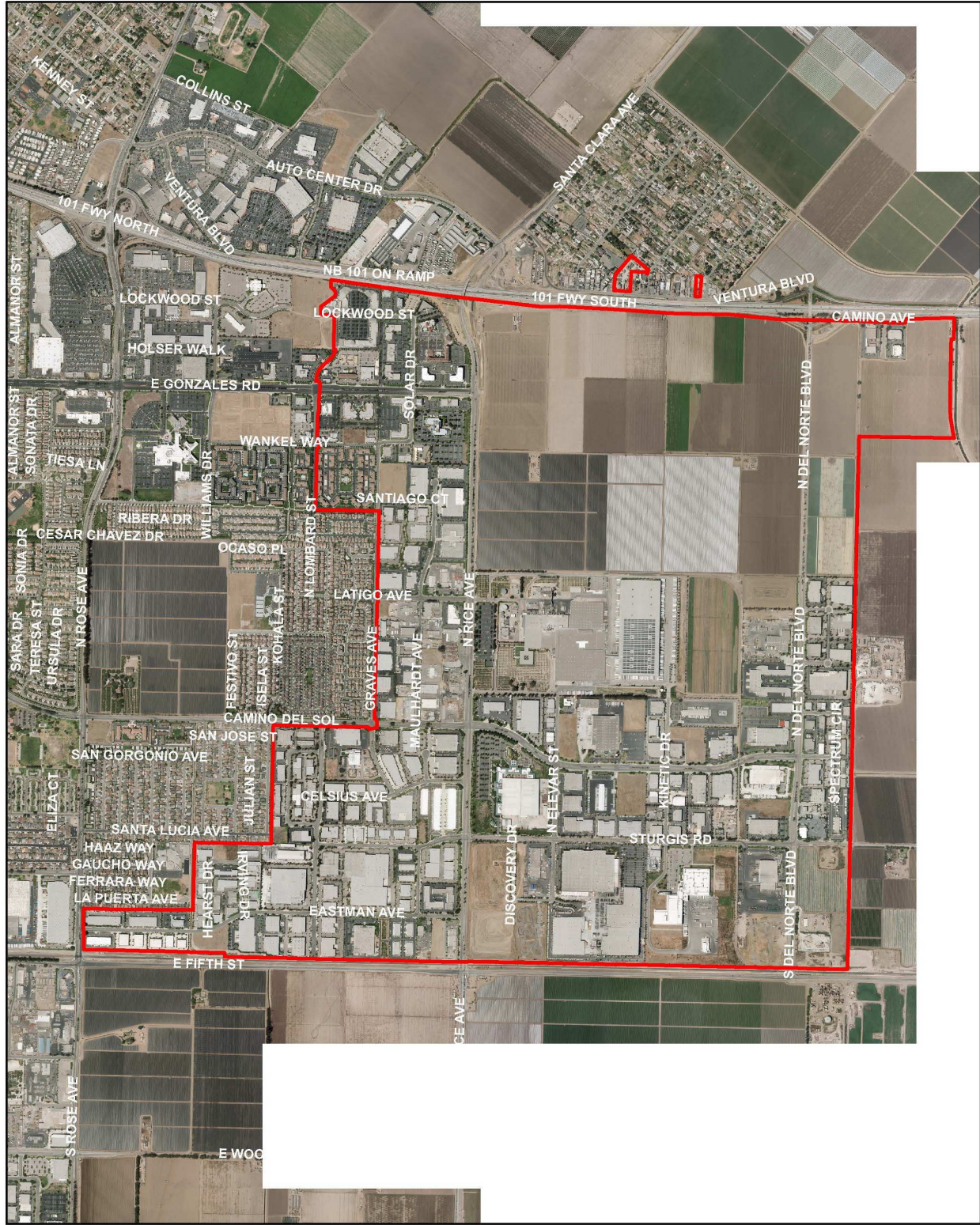
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NBS
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Denver, Colorado

The City maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

AERIAL PICTURE OF ASSESSMENT DISTRICT



AERIAL PICTURE OF CFD NO. 1



[illegible]

AERIAL PICTURE OF CFD NO. 2000-3 (PART 2)



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TABLE OF CONTENTS

| | <u>Page</u> |
|----------------------------------------------------------------------------------------|--------------------|
| INTRODUCTION | 1 |
| General | 1 |
| The Districts | 1 |
| Acquired Obligations..... | 2 |
| Acquired Obligations Are Not Cross-Collateralized | 2 |
| The Bonds..... | 2 |
| Security for the Bonds | 3 |
| No Additional Obligations on a Parity with the Bonds or the Acquired Obligations | 3 |
| Continuing Disclosure | 3 |
| Risk Factors | 3 |
| Forward-Looking Statements | 4 |
| References Qualified | 4 |
| Additional Information | 4 |
| THE PLAN OF FINANCE..... | 5 |
| ESTIMATED SOURCES AND USES OF FUNDS | 6 |
| Estimated Sources and Uses of Funds for the Bonds | 6 |
| Estimated Sources and Uses of Funds for the Acquired Obligations | 7 |
| THE BONDS..... | 8 |
| Description of the Bonds | 8 |
| Redemption | 8 |
| Purchase In Lieu of Redemption | 10 |
| Selection of Bonds for Redemption..... | 10 |
| Notice of Redemption..... | 10 |
| Partial Redemption of Bonds..... | 11 |
| Effect of Notice of Redemption..... | 11 |
| Transfers and Exchange | 11 |
| Debt Service Schedule..... | 11 |
| SECURITY FOR THE BONDS..... | 13 |
| Revenues; Acquired Obligations | 13 |
| Acquired Obligations Are Not Cross-Collateralized | 13 |
| Flow of Funds and the Revenue Fund | 13 |
| Residual Account | 14 |
| Reserve Funds | 14 |
| Repayment of Acquired Obligations | 15 |
| No Additional Obligations on a Parity with the Bonds or the Acquired Obligations | 16 |
| Repayment of AD Bonds; Reassessments | 16 |
| Repayment of CFD No. 1 Bonds; CFD No. 1 Special Taxes | 19 |
| Repayment of CFD No. 2000-3 Bonds; CFD No. 2000-3 Special Taxes | 23 |
| Priority of Liens..... | 26 |
| No Obligation of the City Upon Delinquency | 27 |
| THE DISTRICTS | 27 |
| The Assessment District | 27 |
| CFD No. 1 | 29 |
| CFD No. 2000-3 | 30 |
| Debt Service Coverage | 33 |
| Levies and Delinquencies | 37 |
| Direct and Overlapping Debt..... | 40 |
| The Districts in the Aggregate..... | 44 |
| RISK FACTORS RELATED TO THE BONDS..... | 47 |
| The Bonds are Limited Obligations of the Authority | 47 |
| The AD Bonds are Limited Obligations of the City | 47 |
| The CFD No. 1 Bonds are Limited Obligations of CFD No. 1 | 48 |

| | |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| The CFD No. 2000-3 Bonds are Limited Obligations of CFD No. 2000-3 | 48 |
| Potential Early Redemption of Bonds from Prepayments | 49 |
| Concentration of Ownership | 49 |
| Direct and Overlapping Indebtedness | 49 |
| Risks of Real Estate Secured Investments Generally | 50 |
| Failure to Develop Property; Future Land Use Regulations and Growth Control Initiatives | 50 |
| Factors Which May Affect Land Development | 51 |
| Bankruptcy and Foreclosure Delays | 51 |
| FDIC/Federal Government Interests in Properties | 52 |
| Loss of Tax Exemption | 52 |
| No Acceleration | 53 |
| Limitations on Remedies | 53 |
| Land Values | 53 |
| Hazardous Substances | 54 |
| Seismic and Flood Hazards | 54 |
| Limited Secondary Market | 54 |
| Economic, Political, Social, and Environmental Conditions | 54 |
| Articles XIII A and XIII B of the California Constitution | 55 |
| Articles XIII C and XIII D of the California Constitution | 56 |
| Future Initiatives | 57 |
| RISK FACTORS RELATED TO THE SERIES B BONDS | 57 |
| Subordination of Series B Bonds | 57 |
| No Rating of Series B Bonds | 58 |
| THE AUTHORITY | 58 |
| TAX MATTERS | 58 |
| Bond Counsel Opinion | 58 |
| Risk of Audit by Internal Revenue Service | 59 |
| Original Issue Discount and Premium | 60 |
| Information Reporting and Backup Withholding | 60 |
| UNDERWRITING | 60 |
| RATING OF SERIES A BONDS | 61 |
| CONTINUING DISCLOSURE | 61 |
| NO LITIGATION | 61 |
| CERTAIN LEGAL MATTERS | 61 |
| FINANCIAL ADVISOR | 61 |
| VERIFICATION | 62 |
| MISCELLANEOUS | 62 |
| | |
| APPENDIX A | Information Regarding the City of Oxnard |
| APPENDIX B | Summary of Certain Provisions of the Principal Legal Documents |
| APPENDIX C | Proposed Forms of Bond Counsel Opinions |
| APPENDIX D | Form of Continuing Disclosure Agreement |
| APPENDIX E | Book-Entry Only System |
| APPENDIX F-1 | Rate and Method of Apportionment of Special Tax for CFD No. 1 |
| APPENDIX F-2 | Rate and Method of Apportionment of Special Tax for CFD No. 2000-3 |
| APPENDIX G | Assessment District Parcels |

**CITY OF OXNARD FINANCING AUTHORITY
LOCAL OBLIGATION REVENUE BONDS
(2012 SPECIAL DISTRICT BOND REFINANCINGS)
\$19,505,000 Series A Senior Lien Bonds
\$9,060,000 Series B Subordinate Lien Bonds**

INTRODUCTION

General

This Official Statement, which includes the cover page, the Table of Contents, and the Appendices (the “Official Statement”), is provided to furnish certain information in connection with the issuance and sale by the City of Oxnard Financing Authority (the “Authority”) of \$19,505,000 aggregate principal amount of the City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the “Series A Bonds”), and \$9,060,000 aggregate principal amount of the City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”).

The Bonds are being issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Law”), and an Indenture of Trust, dated as of August 1, 2012 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture. See “APPENDIX B – Summary of Certain Provisions of the Principal Legal Documents – Selected Definitions.”

The Districts

The Assessment District. The City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) (the “Assessment District”) was formed by the City of Oxnard (the “City”) pursuant to the Municipal Improvement Act of 1913, as amended, constituting Section 10000 *et seq.* of the California Streets and Highways Code (the “1913 Act”). The Assessment District encompasses approximately 1,544 assessable acres of commercial, industrial, and residential property located in and around the vicinity of the United States Highway 101 (“US 101”) and Rice Avenue interchange in the northeast section of the City. The area in which the Assessment District is located is zoned primarily for limited industrial, light industrial, and business and research uses. Development within the Assessment District ranges from large industrial facilities to small industrial buildings and retail uses. The area east of the Assessment District provides an agricultural buffer zone between the Cities of Oxnard and Camarillo. Additional agricultural lands are located south of the Assessment District. See “THE DISTRICTS – The Assessment District.”

CFD No. 1. Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard (“CFD No. 1”) was formed by the City pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311 *et seq.* of the California Government Code (the “Mello-Roos Act”). The property within CFD No. 1 consists primarily of a residential development known as Westport at Mandalay Bay, which includes a variety of waterfront living and recreational opportunities including single-family residences with canal frontages and boat slips, a mix of multifamily housing types, a small boat lagoon, and a boardwalk promenade with a neighborhood retail component, all linked by a series of jogging paths, parks, and view corridors. CFD No. 1 is located on the south side of Wooley Road, east of Harbor Boulevard, and is bordered on the west by the Reliant Energy Canal and vacant sand dune land between the canal and Harbor Boulevard, and to the east by the Seabridge Community. The property in CFD No. 1 includes 306 existing single-family attached and detached units, a marina, and approximately 22,000 square feet of commercial space. The property to the south of CFD No. 1 has been developed with various types of residential structures within the original portion of the Westport at Mandalay Bay development. See “THE DISTRICTS – CFD No. 1.”

CFD No. 2000-3. The City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) (“CFD No. 2000-3” and, together with the Assessment District and CFD No. 1, the “Districts”) was formed by the City pursuant to the Mello-Roos Act. There are 626 parcels of land within

CFD No. 2000-3, totaling approximately 440 acres, which parcels comprise a mixture of various properties located in northwest portion of the City. The majority of the parcels are focused in and around areas known as The Esplanade and RiverPark. The Esplanade was a regional mall that was demolished in 2000. The current land uses within CFD No. 2000-3 include high-rise office buildings, retail, office buildings, residential properties, a cemetery, and miscellaneous buildings. See “THE DISTRICTS – CFD No. 2000-3.”

Acquired Obligations

AD Bonds. The City is issuing its City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012, in the aggregate principal amount of \$11,835,000 (the “AD Bonds”), pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds, constituting Division 11.5 of the California Streets and Highways Code (the “Refunding Act”), and a Fiscal Agent Agreement, dated as of August 1, 2012 (the “AD Bonds Fiscal Agent Agreement”), by and between the City and Wells Fargo Bank, National Association, as fiscal agent (the “Fiscal Agent”). The AD Bonds will be secured by certain unpaid reassessments (the “Reassessments”) levied by the City pursuant to the Refunding Act on certain parcels within the Assessment District. A portion of the proceeds from the sale of the AD Bonds will be used to refund the outstanding City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange), Limited Obligation Improvement Bonds, Series 2002 (the “Refunded 2002 AD Bonds”), previously issued by the City on August 27, 2002, in the aggregate principal amount of \$15,125,000, of which \$12,845,000 are currently outstanding. See “THE PLAN OF FINANCE.”

CFD No. 1 Bonds. CFD No. 1 is issuing its Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds, in the aggregate principal amount of \$8,750,000 (the “CFD No. 1 Bonds”), pursuant to the Mello-Roos Act and a Fiscal Agent Agreement, dated as of August 1, 2012 (the “CFD No. 1 Bonds Fiscal Agent Agreement”), by and between CFD No. 1, acting through the City Council of the City (the “City Council”), and the Fiscal Agent, as fiscal agent. The CFD No. 1 Bonds will be secured by the special taxes to be levied by CFD No. 1 pursuant to the Mello-Roos Act on the taxable property within CFD No. 1 (the “CFD No. 1 Special Taxes”). A portion of the proceeds from the sale of the CFD No. 1 Bonds will be used to refund the outstanding Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2002 Special Tax Bonds (the “Refunded 2002 CFD No. 1 Bonds”), previously issued by CFD No. 1 on December 19, 2002, in the aggregate principal amount of \$9,740,000, of which \$9,140,000 are currently outstanding. See “THE PLAN OF FINANCE.”

CFD No. 2000-3 Bonds. CFD No. 2000-3 is issuing its City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) 2012 Special Tax Refunding Bonds, in the aggregate principal amount of \$7,980,000 (the “CFD No. 2000-3 Bonds” and, together with the AD Bonds and the CFD No. 1 Bonds, the “Acquired Obligations”), pursuant to the Mello-Roos Act and a Fiscal Agent Agreement, dated as of August 1, 2012 (the “CFD No. 2000-3 Bonds Fiscal Agent Agreement” and, together with the AD Bonds Fiscal Agent Agreement and the CFD No. 1 Bonds Fiscal Agent Agreement, the “Fiscal Agent Agreements”), by and between CFD No. 2000-3, acting through the City Council, and the Fiscal Agent, as fiscal agent. The CFD No. 2000-3 Bonds will be secured by the special taxes to be levied by CFD No. 2000-3 pursuant to the Mello-Roos Act on the taxable property within CFD No. 2000-3 (the “CFD No. 2000-3 Special Taxes”). A portion of the proceeds from the sale of the CFD No. 2000-3 Bonds will be used to refund the outstanding City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Bonds, Series 2003 (the “Refunded 2003 CFD No. 2000-3 Bonds”), previously issued by CFD No. 2000-3 on February 6, 2003, in the aggregate principal amount of \$10,490,000, of which \$8,335,000 are currently outstanding. See “THE PLAN OF FINANCE.”

Acquired Obligations Are Not Cross-Collateralized

No Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, collected in one District can be used to cover any shortfall in the payment of debt service with respect to the Acquired Obligations issued by any other District.

The Bonds

The proceeds of the Bonds will be used to: (a) acquire the Acquired Obligations from the City, CFD No. 1, and CFD No. 2000-3, as applicable, (b) pay costs of issuance of the Bonds and the Acquired Obligations, and (c) to

fund cash deposits to the reserve fund for the Series A Bonds and the reserve fund for the Series B Bonds. The principal and interest payments received by the Authority as the owner of the Acquired Obligations are the primary source of funds to pay the principal and interest with respect to the Bonds.

Security for the Bonds

Revenues. The Bonds are payable from and secured by the Revenues (as defined herein) and amounts in the funds and accounts established under the Indenture (except the Rebate Fund and the Expense Fund), with the Series A Bonds having a first lien thereon and the Series B Bonds having a second lien thereon. “Revenues” is defined under the Indenture to mean (i) all amounts derived from or with respect to the Acquired Obligations, including, without limitation, the Reassessments, the CFD No. 1 Special Taxes, and the CFD No. 2000-3 Special Taxes, and (ii) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture, except the Rebate Fund. See “SECURITY FOR THE BONDS.”

Reserve Funds. Pursuant to the Indenture, the Authority has established a reserve fund for the Series A Bonds (the “Senior Reserve Fund”) and a reserve fund for the Series B Bonds (the “Subordinate Reserve Fund”). Upon issuance of the Series A Bonds, the Senior Reserve Fund will be initially funded from the proceeds of the Series A Bonds in an amount equal to the Senior Reserve Requirement (as defined herein). The Subordinate Reserve Fund will be initially funded from the proceeds of the Series B Bonds in an amount equal to Subordinate Reserve Requirement (as defined herein). If on any Interest Payment Date (as defined herein) the amount in the Senior Interest Account is less than the interest payable with respect to the Series A Bonds on such date, the Trustee shall, pursuant to the terms of the Indenture, transfer the amount of such delinquency from the Senior Reserve Fund to the Senior Interest Account. If on any Interest Payment Date the amount in the Senior Principal Account is less than the principal payable with respect to the Series A Bonds on such date, the Trustee shall, pursuant to the terms of the Indenture, transfer the amount of such delinquency from the Senior Reserve Fund to the Senior Principal Account. If on any Interest Payment Date the amount in the Subordinate Interest Account is less than the interest payable with respect to the Series B Bonds on such date, the Trustee shall, pursuant to the terms of the Indenture, transfer the amount of such delinquency from the Subordinate Reserve Fund to the Subordinate Interest Account. If on any Interest Payment Date the amount in the Subordinate Principal Account is less than the principal payable with respect to the Series B Bonds on such date, the Trustee shall, pursuant to the terms of the Indenture, transfer the amount of such delinquency from Subordinate Reserve Fund to the Subordinate Principal Account. See “SECURITY FOR THE BONDS – Reserve Funds.”

No Additional Obligations on a Parity with the Bonds or the Acquired Obligations

Pursuant to the Indenture, the Authority will covenant not to create, or permit the creation of, any pledge, lien, charge, or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding. Pursuant to the AD Bonds Fiscal Agent Agreement, the City will covenant that it will not issue any bonds for the Assessment District on a parity with the AD Bonds. Pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement, CFD No. 1 will covenant that it will not issue any obligation or security superior to or on a parity with the CFD No. 1 Bonds payable in whole or in part from CFD No. 1 Special Taxes. Pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement, CFD No. 2000-3 will covenant that it will not issue any obligation or security superior to or on a parity with the CFD No. 2000-3 Bonds payable in whole or in part from CFD No. 2000-3 Special Taxes.

Continuing Disclosure

In connection with the issuance of the Bonds, the Authority will covenant in a continuing disclosure agreement, the form of which is attached as Appendix D (the “Continuing Disclosure Agreement”), to provide certain financial information and operating data relating to the City, the Authority, and the Districts, and notices of certain events listed therein. This covenant is being made by the Authority in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12, as amended. See “CONTINUING DISCLOSURE” and “APPENDIX D – Form of Continuing Disclosure Agreement.”

Risk Factors

See the section of this Official Statement entitled “RISK FACTORS RELATED TO THE BONDS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in

evaluating the investment quality of the Bonds generally. See the section of this Official Statement entitled “RISK FACTORS RELATED TO THE SERIES B BONDS” for certain risk factors that relate, in particular, to the investment quality of the Series B Bonds, which are not rated. **THE SERIES B BONDS INVOLVE A HIGH DEGREE OF RISK AND ARE NOT SUITABLE FOR ALL INVESTORS.**

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “intend,” “expect,” “propose,” “estimate,” “project,” “budget,” “anticipate,” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties, and other factors that may cause the 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. No updates or revisions to these forward-looking statements are expected to be issued if or when the expectations, events, conditions, or circumstances on which such statements are based change. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. **READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.** See also “RISK FACTORS RELATED TO THE BONDS” and “RISK FACTORS RELATED TO THE SERIES B BONDS.”

References Qualified

The summaries of and references to all documents, statutes, reports, and other instruments referred to in this Official Statement do not purport to be complete, comprehensive, or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

Additional Information

Additional information regarding this Official Statement, as well as copies of the Indenture and other documents described herein, may be obtained from the City. The City’s address for such purpose is: City of Oxnard, 300 West Third Street, Oxnard, California 93030, Attention: Chief Financial Officer. The Chief Financial Officer’s telephone number is (805) 385-7475.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER. EXCEPT FOR THE REVENUES PLEDGED UNDER THE INDENTURE, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY, OR GENERAL OBLIGATIONS OF THE AUTHORITY, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE EXCLUSIVELY FROM REVENUES, AS PROVIDED IN THE INDENTURE AND AS MORE FULLY DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE ACQUIRED OBLIGATIONS. THE AD BONDS ARE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE REASSESSMENTS LEVIED WITHIN THE ASSESSMENT DISTRICT AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE AD BONDS FISCAL AGENT AGREEMENT, PURSUANT TO WHICH SUCH AD BONDS ARE ISSUED. THE CFD NO. 1 BONDS ARE LIMITED OBLIGATIONS OF CFD NO. 1 PAYABLE SOLELY FROM THE CFD NO. 1 SPECIAL TAXES LEVIED ON THE TAXABLE PROPERTY WITHIN CFD NO. 1 AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE CFD NO. 1 BONDS FISCAL AGENT AGREEMENT, PURSUANT TO WHICH SUCH CFD NO. 1 BONDS ARE ISSUED. THE CFD NO. 2000-3 BONDS ARE LIMITED OBLIGATIONS OF CFD NO. 2000-3 PAYABLE SOLELY FROM THE CFD NO. 2000-3 SPECIAL TAXES LEVIED ON THE TAXABLE PROPERTY WITHIN CFD NO. 2000-3 AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE CFD NO. 2000-3 BONDS FISCAL AGENT AGREEMENT, PURSUANT TO WHICH SUCH CFD NO. 2000-3 BONDS ARE ISSUED.

THE PLAN OF FINANCE

The Bonds are being issued in order to provide funds to purchase the Acquired Obligations. The Acquired Obligations consist of (i) the AD Bonds, which are being issued in the aggregate principal amount of \$11,835,000 to refund the Refunded 2002 AD Bonds, which were previously issued by the City on August 27, 2002, in the aggregate principal amount of \$15,125,000, of which \$12,845,000 are currently outstanding, (ii) the CFD No. 1 Bonds, which are being issued in the aggregate principal amount of \$8,750,000 to refund the Refunded 2002 CFD No. 1 Bonds, which were previously issued by CFD No. 1 on December 19, 2002, in the aggregate principal amount of \$9,740,000, of which \$9,140,000 are currently outstanding, and (iii) the CFD No. 2000-3 Bonds, which are being issued in the aggregate principal amount of \$7,980,000 to refund the Refunded 2003 CFD No. 2000-3 Bonds, which were previously issued by CFD No. 2000-3 on February 6, 2003, in the aggregate principal amount of \$10,490,000, of which \$8,335,000 are currently outstanding.

Concurrently with the delivery of the Acquired Obligations, the City will cause a portion of the proceeds of the sale of the AD Bonds and certain other amounts on deposit in the funds and accounts established for the Refunded 2002 AD Bonds to be deposited into an escrow fund established under an Escrow Agreement, dated as of August 1, 2012 (the "AD Escrow Agreement"), by and between the City and Wells Fargo Bank, National Association, as escrow holder (the "Escrow Holder"). Such amounts will be sufficient to pay, on September 2, 2012, the accrued interest on the Refunded 2002 AD Bonds maturing on and after September 2, 2012, the principal amount of the Refunded 2002 AD Bonds maturing on September 2, 2012, and the redemption price of 100% of the principal amount payable with respect to the Refunded 2002 AD Bonds maturing after September 2, 2012. See "ESTIMATED SOURCES AND USES OF FUNDS."

Concurrently with the delivery of the Acquired Obligations, CFD No. 1 will cause a portion of the proceeds of the sale of the CFD No. 1 Bonds and certain other amounts on deposit in the funds and accounts established for the Refunded 2002 CFD No. 1 Bonds to be deposited into an escrow fund established under an Escrow Agreement, dated as of August 1, 2012 (the "CFD No. 1 Escrow Agreement"), by and between CFD No. 1, acting through the City Council, and the Escrow Holder, as escrow holder. Such amounts will be sufficient to pay, on September 1, 2012, the accrued interest on the Refunded 2002 CFD No. 1 Bonds maturing on and after September 1, 2012, the principal amount of the Refunded 2002 CFD No. 1 Bonds maturing on September 1, 2012, if any, and the redemption price of 100% of the principal amount payable with respect to the Refunded 2002 CFD No. 1 Bonds maturing after September 1, 2012, as verified by Causey, Demgen & Moore Inc., Denver, Colorado, an independent firm of certified public accountants (the "Verification Agent"). See "ESTIMATED SOURCES AND USES OF FUNDS" and "VERIFICATION."

Concurrently with the delivery of the Acquired Obligations, CFD No. 2000-3 will cause a portion of the proceeds of the sale of the CFD No. 2000-3 Bonds and certain other amounts on deposit in the funds and accounts established for the Refunded 2003 CFD No. 2000-3 Bonds to be deposited into an escrow fund established under an Escrow Agreement, dated as of August 1, 2012 (the "CFD No. 2000-3 Escrow Agreement"), by and between CFD No. 2000-3, acting through the City Council, and the Escrow Holder, as escrow holder. Such amounts will be sufficient to pay, on September 1, 2012, the accrued interest on the Refunded 2003 CFD No. 2000-3 Bonds maturing on and after September 1, 2012, the principal amount of the Refunded 2003 CFD No. 2000-3 Bonds maturing on September 1, 2012, if any, and the redemption price of 101% of the principal amount payable with respect to the Refunded 2003 CFD No. 2000-3 Bonds maturing after September 1, 2012, as verified by the Verification Agent. See "ESTIMATED SOURCES AND USES OF FUNDS" and "VERIFICATION."

Amounts in the escrow funds established for the Refunded 2002 AD Bonds, the Refunded 2002 CFD No. 1 Bonds, and the Refunded 2003 CFD No. 2000-3 Bonds, respectively, will be held as cash and will not be invested.

ESTIMATED SOURCES AND USES OF FUNDS

Estimated Sources and Uses of Funds for the Bonds

The estimated sources and uses of funds with respect to the Series A Bonds are set forth in the following table:

| | |
|------------------------------------|------------------------|
| <u>Sources of Funds</u> | |
| Principal Amount | \$19,505,000.00 |
| Plus: Net Original Issue Premium | <u>796,787.85</u> |
| Total Sources | \$20,301,787.85 |
| <u>Uses of Funds</u> | |
| Underwriter's Discount | \$ 151,431.39 |
| Expense Fund ⁽¹⁾ | 329,502.07 |
| Senior Reserve Fund ⁽²⁾ | 1,591,250.00 |
| Program Fund ⁽³⁾ | 18,206,529.70 |
| Residual Account of Revenue Fund | <u>23,074.69</u> |
| Total Uses | \$20,301,787.85 |

⁽¹⁾ To pay costs of issuance including printing fees, rating agency fees, and fees and expenses of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Trustee, the Fiscal Agent, the Escrow Holder, and the Verification Agent.

⁽²⁾ Represents the Senior Reserve Requirement for the Series A Bonds.

⁽³⁾ Amounts in the Program Fund will be used to purchase the Acquired Obligations.

The estimated sources and uses of funds with respect to the Series B Bonds are set forth in the following table:

| | |
|-----------------------------------------|-----------------------|
| <u>Sources of Funds</u> | |
| Principal Amount | \$9,060,000.00 |
| Less: Net Original Issue Discount | <u>(236,818.50)</u> |
| Total Sources | \$8,823,181.50 |
| <u>Uses of Funds</u> | |
| Underwriter's Discount | \$ 111,124.86 |
| Expense Fund ⁽¹⁾ | 155,812.29 |
| Subordinate Reserve Fund ⁽²⁾ | 742,250.00 |
| Program Fund ⁽³⁾ | 7,803,276.24 |
| Residual Account of Reserve Fund | <u>10,718.11</u> |
| Total Uses | \$8,823,181.50 |

⁽¹⁾ To pay costs of issuance including printing fees and fees and expenses of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Trustee, the Fiscal Agent, the Escrow Holder, and the Verification Agent.

⁽²⁾ Represents the Subordinate Reserve Requirement for the Series B Bonds.

⁽³⁾ Amounts in the Program Fund will be used to purchase the Acquired Obligations.

Estimated Sources and Uses of Funds for the Acquired Obligations

The estimated sources and uses of funds with respect to the AD Bonds are set forth in the following table:

| | |
|----------------------------------------------------|------------------------|
| <u>Sources of Funds</u> | |
| Principal Amount | \$11,835,000.00 |
| Less: Authority Purchase Discount | (1,067,090.72) |
| Refunded 2002 AD Bonds Reserve Fund | 1,067,859.37 |
| Refunded 2002 AD Bonds Redemption Fund | 701,753.98 |
| Refunded 2002 AD Bonds Improvement Fund | 5,384.23 |
| Refunded 2002 AD Bonds Assessments Held by City | <u>658,846.90</u> |
| Total Sources | \$13,201,753.76 |
| <u>Uses of Funds</u> | |
| Transfer to Escrow Fund for Refunded 2002 AD Bonds | <u>\$13,201,753.76</u> |
| Total Uses | \$13,201,753.76 |

The estimated sources and uses of funds with respect to the CFD No. 1 Bonds are set forth in the following table:

| | |
|--------------------------------------------------------------------|-----------------------|
| <u>Sources of Funds</u> | |
| Principal Amount | \$8,750,000.00 |
| Plus: Accrued Interest | 1,052.40 |
| Less: Authority Purchase Discount | (778,552.04) |
| Refunded 2002 CFD No. 1 Bonds Reserve Fund | 928,313.48 |
| Refunded 2002 CFD No. 1 Bonds Bond Payment Fund | 365,753.13 |
| Refunded 2002 CFD No. 1 Bonds Special Tax Fund | <u>145,238.56</u> |
| Total Sources | \$9,411,805.53 |
| <u>Uses of Funds</u> | |
| Transfer to Senior Interest Account of Revenue Fund for Bonds | \$ 715.42 |
| Transfer to Subordinate Interest Account of Revenue Fund for Bonds | 336.98 |
| Transfer to Escrow Fund for Refunded 2002 CFD No. 1 Bonds | <u>9,410,753.13</u> |
| Total Uses | \$9,411,805.53 |

The estimated sources and uses of funds with respect to the CFD No. 2000-3 Bonds are set forth in the following table:

| | |
|--------------------------------------------------------------------|-----------------------|
| <u>Sources of Funds</u> | |
| Principal Amount | \$7,980,000.00 |
| Plus: Accrued Interest | 908.42 |
| Less: Authority Purchase Discount | (711,512.12) |
| Refunded 2003 CFD No. 2000-3 Bonds Reserve Fund | 717,986.21 |
| Refunded 2003 CFD No. 2000-3 Bonds Bond Service Fund | 458,598.20 |
| Refunded 2003 CFD No. 2000-3 Bonds Redemption Fund | 2,169.41 |
| Refunded 2003 CFD No. 2000-3 Bonds Construction Fund | 76,974.50 |
| Refunded 2003 CFD No. 2000-3 Bonds Special Tax Fund | <u>130,531.93</u> |
| Total Sources | \$8,655,656.55 |
| <u>Uses of Funds</u> | |
| Transfer to Senior Interest Account of Revenue Fund for Bonds | \$ 618.84 |
| Transfer to Subordinate Interest Account of Revenue Fund for Bonds | 289.58 |
| Transfer to Escrow Fund for Refunded 2003 CFD No. 2000-3 Bonds | <u>8,654,748.13</u> |
| Total Uses | \$8,655,656.55 |

THE BONDS

Description of the Bonds

The Bonds will be issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 or any integral multiple thereof. See “APPENDIX E – Book-Entry Only System.”

The Bonds will be dated their date of delivery. The Bonds will bear interest at the rates per annum and will mature, subject to the redemption provisions set forth below, on the dates and in the principal amounts, all as set forth on the inside cover page hereof.

Interest on the Bonds is payable semiannually on March 2 and September 2 of each year, commencing March 2, 2013 (each an “Interest Payment Date”), to the persons in whose names ownership of the Bonds is registered on the records maintained by the Trustee for the registration and transfer of ownership of the Bonds (the “Registration Books”) at the close of business on the fifteenth (15th) day (whether or not such day is a Business Day) of the calendar month preceding the applicable Interest Payment Date (each, a “Record Date”), except as provided in the Indenture. Interest on the Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from its date of delivery, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

The principal of and redemption premium, if any, on the Bonds will be paid in lawful money of the United States of America at the office of the Trustee upon presentation and surrender of the Bonds at maturity or the prior redemption thereof. The Bonds will mature on September 2 in the principal amounts and years as shown on the inside cover page hereof and are subject to optional, extraordinary, and mandatory sinking fund redemption as described herein.

Redemption

Optional Redemption.

Optional Redemption of Series A Bonds. The Series A Bonds maturing on or before September 2, 2022, are not subject to optional redemption prior to their respective stated maturities. The Series A Bonds maturing on or after September 2, 2023, may be redeemed at the option of the Authority prior to maturity on any date on or after September 2, 2022, in whole or in part in any Authorized Denomination (by lot within any maturity), as directed by the Authority in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from any source of funds (excluding amounts transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable) at the redemption price equal to the principal amount of the Series A Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Optional Redemption of Series B Bonds. The Series B Bonds maturing on or before September 2, 2022, are not subject to optional redemption prior to their respective stated maturities. The Series B Bonds maturing on or after September 2, 2023, may be redeemed at the option of the Authority prior to maturity on any date on or after September 2, 2022, in whole or in part in any Authorized Denomination (by lot within any maturity), as directed by the Authority in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from any source of funds (excluding amounts transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable) at the redemption price equal to the principal amount of the Series B Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Cash Flow Certificate. The term “Cash Flow Certificate” is defined in the Indenture as a certificate prepared by an Independent Special District Administrator which, as to a redemption of Series A Bonds or Series B Bonds, as applicable, pursuant to the redemption provisions contained in the Indenture, (i) directs the redemption of Series A Bonds among maturities of the Series A Bonds or of Series B Bonds among maturities of the Series B Bonds, as applicable, as necessary, after giving effect to such redemption, so as to maintain as close as practicable the level of Revenue coverage that existed for the Series A Bonds and the Series B Bonds as of the date of delivery thereof, and (ii) certifies that after such redemption the Revenues scheduled to be received from the Acquired Obligations will be sufficient in time and amount (together with funds then held under the Indenture representing payments made pursuant to the Acquired Obligations and available to pay debt service on the Bonds, but excluding amounts, if any, on deposit in the Senior Reserve Fund and the Subordinate Reserve Fund) to make all remaining scheduled payments of principal of and interest on the outstanding Bonds.

Extraordinary Redemption from Prepayments. The Bonds or any portion of a Bond in any Authorized Denomination shall be subject to extraordinary redemption prior to maturity, in whole on any date, or in part on any Interest Payment Date, *pro rata* among the Series A Bonds and the Series B Bonds and among maturities as directed by the Authority in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate, from funds transferred to the Trustee by the Fiscal Agent from the AD Prepayment Account, the CFD No. 1 Prepayment Account, or the CFD No. 2000-3 Prepayment Account, as applicable, at the redemption price set forth below (expressed as a percentage of the principal amount of the Bonds to be redeemed), plus accrued interest to the date of redemption:

| <u>Redemption Dates</u> | <u>Redemption Price</u> |
|--------------------------------------|-------------------------|
| March 2, 2013, through March 2, 2020 | 103% |
| September 2, 2020, and March 2, 2021 | 102 |
| September 2, 2021, and March 2, 2022 | 101 |
| September 2, 2022, and thereafter | 100 |

Mandatory Sinking Fund Redemption.

Series A Bonds. The Series A Bonds maturing on September 2, 2030, are subject to mandatory redemption in part on September 2 in the following years in the following amounts at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium:

| <u>Mandatory Redemption Date (September 2)</u> | <u>Principal Amount</u> |
|----------------------------------------------------|-----------------------------|
| 2027 | \$1,115,000 |
| 2028 | 1,190,000 |
| 2029 | 1,255,000 |
| 2030 (maturity) | 1,325,000 |

The Series A Bonds maturing on September 2, 2033, are subject to mandatory redemption in part on September 2 in the following years in the following amounts at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium:

| <u>Mandatory Redemption Date (September 2)</u> | <u>Principal Amount</u> |
|----------------------------------------------------|-----------------------------|
| 2031 | \$1,410,000 |
| 2032 | 1,490,000 |
| 2033 (maturity) | 535,000 |

Series B Bonds. The Series B Bonds maturing on September 2, 2033, are subject to mandatory redemption in part on September 2 in the following years in the following amounts at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption, without premium:

| Mandatory Redemption Date (September 2) | Principal Amount |
|--------------------------------------------|---------------------|
| 2028 | \$555,000 |
| 2029 | 590,000 |
| 2030 | 615,000 |
| 2031 | 655,000 |
| 2032 | 695,000 |
| 2033 (maturity) | 250,000 |

In the event of any optional or extraordinary redemption of Series A Bonds maturing on September 2, 2030, or September 2, 2033, or Series B Bonds maturing on September 2, 2033, as described above, the foregoing schedule of mandatory sinking fund installments, as applicable, shall be reduced in equal percentages, as nearly as practicable, provided that the reductions shall be made in multiples of \$5,000. The Authority shall provide the Trustee with the amended sinking fund payments schedule calculated as set forth above in a Written Order accompanied by and consistent with the applicable Cash Flow Certificate.

Purchase In Lieu of Redemption

In lieu of depositing cash with the Trustee as and for payment of the redemption price of any Bonds as described above, and after complying with the Cash Flow Certificate requirements set forth in the Indenture, amounts on deposit in the Senior Principal Account, the Subordinate Principal Account, the Senior Interest Account, the Subordinate Interest Account, and the Redemption Account may be used and withdrawn by the Trustee at any time prior to the selection of Bonds for such redemption having taken place with respect to such amounts, upon a Written Order of the Authority for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may, in its discretion, determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date. All Bonds so purchased shall be delivered to the Trustee for cancellation.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of the same Series, the Trustee shall select the amounts and maturities of Bonds for redemption in accordance with the Written Order of the Authority to be provided to the Trustee not less than 45 days prior to the redemption date. Each Written Order of the Authority provided in accordance with the Indenture shall be accompanied by a Cash Flow Certificate.

Whenever less than all the outstanding Bonds of any one maturity are to be redeemed on any one date, the Trustee will select the particular Bonds to be redeemed randomly by lot and in selecting the Bonds for redemption the Trustee will treat each Bond of a denomination of more than \$5,000 as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000, and the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be redeemed in an Authorized Denomination. The Trustee shall promptly notify the Authority in writing of the numbers of the Bonds so selected for redemption in whole or in part on such date.

Notice of Redemption

Notice of redemption shall be mailed by the Trustee, for and on behalf of the Authority, promptly upon receipt of moneys to be applied to the redemption of Bonds, by first class mail, postage prepaid, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, as well as to the Securities Depositories and Information Services (as such terms are defined in the Indenture), such notice to be mailed not more than 60 nor less than 30 calendar days prior to the redemption date. Neither the failure of any Bond owner to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for

redemption of any Bonds or the cessation of accrual of interest thereon. A certificate of the Trustee that notice of redemption has been given as provided for in the Indenture shall be conclusive as against all parties, and it shall not be open to any Owner to show that he or she failed to receive notice of such redemption.

Partial Redemption of Bonds

Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series of an Authorized Denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Effect of Notice of Redemption

Notice having been given as aforesaid, and moneys for the redemption (including the interest to the applicable date of redemption), having been set aside in the Redemption Account or any of the accounts therein, the Bonds shall become due and payable on said date of redemption, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the redemption price thereof, together with interest accrued and unpaid to said date of redemption and premium, if any. If, on said date of redemption, moneys for the redemption of all the Bonds to be redeemed, together with interest to said date of redemption and premium, if any, shall be held by the Trustee so as to be available therefor on such date of redemption, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said date of redemption, interest represented by said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed. When any Bonds (or portions thereof) have been duly called for redemption prior to maturity pursuant to the provisions of the Indenture or with respect to which irrevocable instructions to call such Bonds for redemption prior to maturity at the earliest redemption date have been given to the Trustee pursuant to the provisions of the Indenture and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds (or portions thereof) as provided for in the Indenture, then such Bonds (or portions thereof) shall no longer be deemed outstanding and shall be surrendered to the Trustee. All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Indenture shall be canceled upon surrender thereof and delivered to the Trustee.

Transfers and Exchange

So long as the Bonds remain in book-entry form, transfer and exchange of any of the Bonds will be accomplished in accordance with the provisions of such book-entry system. In the event of termination of such book-entry system with respect to the Bonds, the Bonds may be transferred and exchanged in accordance with the terms of the Indenture. See "APPENDIX E – Book-Entry Only System."

Debt Service Schedule

The annualized debt service schedule for the Series A Bonds and the Series B Bonds, assuming no redemptions other than mandatory sinking fund redemptions, is set forth below:

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DEBT SERVICE SCHEDULE

| Year Ending (September 2) | SERIES A BONDS (SENIOR LIEN BONDS) | | | SERIES B BONDS (SUBORDINATE LIEN BONDS) | | | Total Debt Service |
|------------------------------|---------------------------------------|------------------------|------------------------|--------------------------------------------|-----------------------|------------------------|------------------------|
| | Principal | Interest | Annual Debt Service | Principal | Interest | Annual Debt Service | |
| 2013 | \$ 600,000.00 | \$ 815,109.62 | \$1,415,109.62 | \$ 275,000.00 | \$ 382,569.91 | \$ 657,569.91 | \$ 2,072,679.53 |
| 2014 | 625,000.00 | 798,606.26 | 1,423,606.26 | 285,000.00 | 374,956.26 | 659,956.26 | 2,083,562.52 |
| 2015 | 640,000.00 | 786,106.26 | 1,426,106.26 | 300,000.00 | 368,543.76 | 668,543.76 | 2,094,650.02 |
| 2016 | 670,000.00 | 766,906.26 | 1,436,906.26 | 310,000.00 | 359,543.76 | 669,543.76 | 2,106,450.02 |
| 2017 | 695,000.00 | 746,806.26 | 1,441,806.26 | 320,000.00 | 350,243.76 | 670,243.76 | 2,112,050.02 |
| 2018 | 725,000.00 | 725,956.26 | 1,450,956.26 | 335,000.00 | 340,643.76 | 675,643.76 | 2,126,600.02 |
| 2019 | 760,000.00 | 696,956.26 | 1,456,956.26 | 350,000.00 | 329,756.26 | 679,756.26 | 2,136,712.52 |
| 2020 | 805,000.00 | 666,556.26 | 1,471,556.26 | 365,000.00 | 317,506.26 | 682,506.26 | 2,154,062.52 |
| 2021 | 835,000.00 | 642,406.26 | 1,477,406.26 | 390,000.00 | 302,906.26 | 692,906.26 | 2,170,312.52 |
| 2022 | 880,000.00 | 609,006.26 | 1,489,006.26 | 405,000.00 | 287,306.26 | 692,306.26 | 2,181,312.52 |
| 2023 | 920,000.00 | 573,806.26 | 1,493,806.26 | 430,000.00 | 271,106.26 | 701,106.26 | 2,194,912.52 |
| 2024 | 965,000.00 | 541,606.26 | 1,506,606.26 | 445,000.00 | 253,368.76 | 698,368.76 | 2,204,975.02 |
| 2025 | 1,010,000.00 | 506,625.00 | 1,516,625.00 | 475,000.00 | 234,456.26 | 709,456.26 | 2,226,081.26 |
| 2026 | 1,055,000.00 | 468,750.00 | 1,523,750.00 | 495,000.00 | 213,675.00 | 708,675.00 | 2,232,425.00 |
| 2027 | 1,115,000.00 | 416,000.00 | 1,531,000.00 | 520,000.00 | 191,400.00 | 711,400.00 | 2,242,400.00 |
| 2028 | 1,190,000.00 | 360,250.00 | 1,550,250.00 | 555,000.00 | 168,000.00 | 723,000.00 | 2,273,250.00 |
| 2029 | 1,255,000.00 | 300,750.00 | 1,555,750.00 | 590,000.00 | 140,250.00 | 730,250.00 | 2,286,000.00 |
| 2030 | 1,325,000.00 | 238,000.00 | 1,563,000.00 | 615,000.00 | 110,750.00 | 725,750.00 | 2,288,750.00 |
| 2031 | 1,410,000.00 | 171,750.00 | 1,581,750.00 | 655,000.00 | 80,000.00 | 735,000.00 | 2,316,750.00 |
| 2032 | 1,490,000.00 | 101,250.00 | 1,591,250.00 | 695,000.00 | 47,250.00 | 742,250.00 | 2,333,500.00 |
| 2033 | 535,000.00 | 26,750.00 | 561,750.00 | 250,000.00 | 12,500.00 | 262,500.00 | 824,250.00 |
| Totals | \$19,505,000.00 | \$10,959,953.48 | \$30,464,953.48 | \$9,060,000.00 | \$5,136,732.53 | \$14,196,732.53 | \$44,661,686.01 |

Source: Underwriter

SECURITY FOR THE BONDS

Revenues; Acquired Obligations

The Bonds are payable solely from and secured by the pledged Revenues and any other amounts held in any fund or account established pursuant to the Indenture, except the Rebate Fund and the Expense Fund. Revenues consist of (i) all amounts derived from or with respect to the Acquired Obligations and (ii) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture, except the Rebate Fund.

A portion of the Revenues derived from payments with respect to the Acquired Obligations will be used to pay certain Administrative Costs of the Authority.

The Bonds are limited obligations of the Authority. The Bonds shall not be deemed to constitute a debt or liability of the City, the State, or any political subdivision of the State, other than the Authority. The Authority shall only be obligated to pay the principal of and interest on the Bonds from the Revenues and the other funds and assets pledged therefor pursuant to the Indenture. Neither the faith and credit nor the taxing power of the City, the State, or any of political subdivision of the State is pledged to the payment of the principal of or the interest or premium, if any, on the Bonds. The Authority has no taxing power.

Acquired Obligations Are Not Cross-Collateralized

No Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, collected in one District can be used to cover any shortfall in the payment of debt service with respect to the Acquired Obligations issued by any other District.

Flow of Funds and the Revenue Fund

Pursuant to the Indenture, as Revenues (other than the proceeds of an extraordinary redemption of Acquired Obligations from a prepayment of Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, which proceeds shall be deposited in the Redemption Account pursuant to the Indenture) are received in each calendar year commencing in 2012, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain in trust separate and distinct from the other funds and accounts established under the Indenture) the following amounts on the following dates and in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from a lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) On March 2 and September 2 of each year, the Trustee shall deposit in the Senior Interest Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Senior Interest Account to equal the amount of interest coming due and payable on such date on the Series A Bonds.

(b) On September 2 of each year, the Trustee shall deposit in the Senior Principal Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Senior Principal Account to equal the amount of principal coming due and payable, on such date on the outstanding Series A Bonds.

(c) On March 2 and September 2 of each year, the Trustee shall deposit in the Senior Reserve Fund an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Senior Reserve Fund to equal the Senior Reserve Requirement.

(d) On March 2 and September 2 of each year, the Trustee shall deposit in the Subordinate Interest Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Subordinate Interest Account to equal the amount of interest coming due and payable on such date on the Series B Bonds.

(e) On September 2 of each year, the Trustee shall deposit in the Subordinate Principal Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Subordinate Principal Account to equal the amount of principal coming due and payable on such date on the outstanding Series B Bonds.

(f) On March 2 and September 2 of each year, the Trustee shall deposit in the Subordinate Reserve Fund an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Subordinate Reserve Fund to equal the Subordinate Reserve Requirement.

(g) On the next Business Day following each March 2 and September 2 deposit made pursuant to (a) through (f) above, the Trustee shall deposit in the Expense Fund such amount as may be requested in a Written Request of an Authorized Representative of the Authority for the payment of Administrative Costs.

(h) On the next Business Day following each March 2 and September 2 deposit made pursuant to (a) through (g) above, the Trustee shall deposit in the Rebate Fund all amounts which the Authority directs to be deposited therein pursuant to the Indenture.

(i) On the next Business Day following each March 2 and September 2 deposit made pursuant to (a) through (h) above, the Trustee shall deposit in the Residual Account of the Revenue Fund the amount then on deposit in the Revenue Fund.

Residual Account

Pursuant to the Indenture, amounts in the Residual Account in excess of \$67,585.60 (which amount is equal to approximately 10% of the average annual debt service on the Series B Bonds as of the date of issuance of the Series B Bonds) may, at any time and at the written direction of the Authority, be used as follows: (a) transferred to the Expense Fund if the amount therein is insufficient to pay costs of issuance or Administrative Costs, (b) transferred to the Rebate Fund, or (c) transferred to the Redemption Account.

Three (3) Business Days prior to each Interest Payment Date, the Trustee shall transfer all monies deposited in the Residual Account to the Revenue Fund to be applied in accordance with the Indenture. Promptly following the date that the Bonds are no longer outstanding, all funds on deposit in the Residual Account, including transfers from the Senior Reserve Fund and the Subordinate Reserve Fund, respectively, shall be remitted (i) in the amount of the CFD No. 1 Residual Amount (as defined herein) to the City for refund to the property owners within CFD No. 1 as determined by an authorized officer of the City, (ii) in the amount of the CFD No. 2000-3 Residual Amount (as defined herein) to the City for refund to the property owners within CFD No. 2000-3 as determined by an authorized officer of the City, and (iii) in the amount of the balance of the Residual Account to the City for refund to the property owners within the Assessment District in the manner set forth in Section 8885 of the California Streets and Highways Code.

Amounts in the Residual Account shall be invested in Permitted Investments (as defined in the Indenture) the interest on which is excludable from gross income under Section 103 of the Code (as defined herein) (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Permitted Investments at a yield not in excess of the yield on the Bonds, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds then outstanding. See "TAX MATTERS."

Reserve Funds

Senior Reserve Fund. The Authority is required to deposit an amount equal to the Senior Reserve Requirement in the Senior Reserve Fund. The term "Senior Reserve Requirement" is defined in the Indenture to mean, as of any date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service for the Series A Bonds, (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service for the Series A Bonds, or (iii) ten percent (10%) of the original principal amount of the Series A Bonds; provided, however, that the Senior

Reserve Requirement as of any such date of calculation shall not exceed the Senior Reserve Requirement calculated as of the date of issuance of the Series A Bonds. As of the date of issuance of the Series A Bonds, the Senior Reserve Requirement is \$1,591,250.

If on any Interest Payment Date the amount in the Senior Interest Account is less than the interest payable with respect to the Series A Bonds on such date, the Trustee shall withdraw from the Senior Reserve Fund and deposit into the Senior Interest Account the amount of such deficiency. If on any Interest Payment Date the amount in the Senior Principal Account is less than the principal payable with respect to the Series A Bonds on such date, the Trustee shall withdraw from the Senior Reserve Fund and deposit into the Senior Principal Account the amount of such deficiency. The Trustee shall transfer amounts on deposit in the Senior Reserve Fund in excess of the Senior Reserve Requirement to the Residual Account.

Subordinate Reserve Fund. The Authority is required to deposit an amount equal to the Subordinate Reserve Requirement in the Subordinate Reserve Fund. The “Subordinate Reserve Requirement” is defined in the Indenture to mean, as of any date of calculation, an amount equal to the least of (i) Maximum Annual Debt Service for the Series B Bonds, (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service for the Series B Bonds, or (iii) ten percent (10%) of the original principal amount of the Series B Bonds; provided, however, that the Subordinate Reserve Requirement as of any such date of calculation shall not exceed the Subordinate Reserve Requirement calculated as of the date of issuance of the Series B Bonds. As of the date of issuance of the Series B Bonds, the Subordinate Reserve Requirement is \$742,250.

If on any Interest Payment Date the amount in the Subordinate Interest Account is less than the interest payable with respect to the Series B Bonds on such date, the Trustee shall withdraw from the Subordinate Reserve Fund and deposit into the Subordinate Interest Account the amount of such deficiency. If on any Interest Payment Date the amount in the Subordinate Principal Account is less than the principal payable with respect to the Series B Bonds on such date, the Trustee shall withdraw from the Subordinate Reserve Fund and deposit into the Subordinate Principal Account the amount of such deficiency. The Trustee shall transfer amounts on deposit in the Subordinate Reserve Fund in excess of the Subordinate Reserve Requirement to the Residual Account.

Calculation of Available Amount. At or around June 1, 2031, the Trustee shall calculate the Available Amount (as defined herein) and transmit such calculation to the City, it being understood that the City will reduce the Fiscal Year 2031-32 reassessment levy in the Assessment District in an amount equal to the Available Amount. Amounts equal in the aggregate to the Available Amount shall be withdrawn proportionately from the Senior Reserve Fund and the Subordinate Reserve Fund to pay, on September 2, 2032, a portion of the debt service on the Series A Bonds and the Series B Bonds, respectively.

The term “Available Amount” is defined in the Indenture to mean, at the time of calculation, an amount calculated by adding (i) the amount on deposit in the Senior Reserve Fund, (ii) the amount on deposit in the Subordinate Reserve Fund, and (iii) the amount on deposit in the Residual Account, less (a) the CFD No. 1 Residual Amount, (b) the CFD No. 2000-3 Residual Amount, and (c) any amounts determined by the Authority (in consultation with the City) to be needed to pay debt service on the Bonds on September 2, 2032, or to be used for any required rebate to the United States Government or for other expenses. The term “CFD No. 1 Residual Amount” is defined in the Indenture as the amount of \$714,798.57, which is the approximate aggregate amount on deposit in the Senior Reserve Fund and the Subordinate Reserve Fund allocable to the CFD No. 1 Bonds, and which amount will be remitted to the property owners within CFD No. 1 after the Bonds are paid in full. The term “CFD No. 2000-3 Residual Amount” is defined in the Indenture as the amount of \$651,891.15, which is the approximate aggregate amount on deposit in the Senior Reserve Fund and the Subordinate Reserve Fund allocable to the CFD No. 2000-3 Bonds, and which amount will be remitted to the property owners within CFD No. 2000-3 after the Bonds are paid in full.

Repayment of Acquired Obligations

The Acquired Obligations consist of the AD Bonds, the CFD No. 1 Bonds, and the CFD No. 2000-3 Bonds. The AD Bonds are payable solely from and secured by unpaid Reassessments on parcels located within the Assessment District. The CFD No. 1 Bonds are payable solely from and secured by unpaid CFD No. 1 Special Taxes levied on the taxable property within CFD No. 1. The CFD No. 2000-3 Bonds are payable solely from and

secured by unpaid CFD No. 2000-3 Special Taxes levied on the taxable property within CFD No. 2000-3. See “THE PLAN OF FINANCE” and “THE DISTRICTS.”

NO OTHER FUNDS OF THE CITY, CFD NO. 1, OR CFD NO. 2000-3 ARE PLEDGED FOR THE PAYMENT OF DELINQUENT REASSESSMENTS, CFD NO. 1 SPECIAL TAXES, OR CFD NO. 2000-3 SPECIAL TAXES. THE ACQUIRED OBLIGATIONS ARE NOT GENERAL OBLIGATIONS OF THE CITY, CFD NO. 1, CFD NO. 2000-3, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF CFD NO. 1 OR CFD NO. 2000-3 (EXCEPT AS DESCRIBED HEREIN), OR THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE ACQUIRED OBLIGATIONS.

No Additional Obligations on a Parity with the Bonds or the Acquired Obligations

Pursuant to the Indenture, the Authority will covenant not to create, or permit the creation of, any pledge, lien, charge, or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding. Pursuant to the AD Bonds Fiscal Agent Agreement, the City will covenant that it will not issue any bonds for the Assessment District on a parity with the AD Bonds. Pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement, CFD No. 1 will covenant that it will not issue any obligation or security superior to or on a parity with the CFD No. 1 Bonds payable in whole or in part from CFD No. 1 Special Taxes. Pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement, CFD No. 2000-3 will covenant that it will not issue any obligation or security superior to or on a parity with the CFD No. 2000-3 Bonds payable in whole or in part from CFD No. 2000-3 Special Taxes.

Repayment of AD Bonds; Reassessments

Levy and Collection of Reassessments. The AD Bonds are secured by the unpaid Reassessments levied against the property in the Assessment District, together with interest thereon, and said unpaid Reassessments, together with interest thereon, constitute a trust fund for the redemption and payment of the principal of the AD Bonds and the interest thereon. The AD Bonds are further secured by the moneys in the Redemption Fund created pursuant to the AD Bonds Fiscal Agent Agreement (the “AD Bonds Redemption Fund”). Principal of and interest and redemption premiums, if any, on the AD Bonds are payable exclusively out of the Redemption Fund. The Reassessments and each installment thereof and any interest and penalties thereon constitute a lien against the parcels of land on which the Reassessments are levied until the same are paid. Such lien is subordinate to all fixed special assessment liens previously imposed upon the same property, but has priority over all existing and future private liens and over all fixed special assessment liens that may thereafter be created against the property. Such lien is co-equal to and independent of the lien for general property taxes and special taxes, including, without limitation, special taxes created pursuant to the Mello-Roos Act, whenever created against the property within the Assessment District. Upon the issuance of the AD Bonds, none of the property in the Assessment District will be subject to any other special assessment lien or any special tax lien created under the Mello-Roos Act.

The unpaid Reassessments are collected in annual installments, together with interest on the declining balance, on the County tax roll on which general taxes on real property are collected, and are payable and become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do said general property taxes. Pursuant to the provisions of California Streets and Highways Code Section 8769(b), the City has determined not to obligate itself to advance funds from any funds, accounts, or revenues of the City to cure any deficiency which may occur in the funds and accounts held under the AD Bonds Fiscal Agent Agreement for payment of the AD Bonds. If a delinquency occurs in the payment of any Reassessment installment, the City has no duty to transfer to the Fiscal Agent the amount of the delinquency out of available funds of the City.

The City has covenanted in certain circumstances to undertake and diligently prosecute foreclosure proceedings following a delinquency in the payment of Reassessments. See “– Covenant to Foreclose” below. The City is not required to bid at the foreclosure sale. Notwithstanding the City's covenant to commence foreclosure proceedings in connection with delinquent Reassessments, the property upon which the Reassessments are levied is subject to the same provisions for sale and redemption as are properties for nonpayment of general property taxes. The annual Reassessment installments are to be paid into the AD Bonds Redemption Fund, which will be held by the Fiscal Agent and used to pay the principal of and interest on the AD Bonds as they become due. The installments

billed against all of the parcels of property in the Assessment District subject to the assessments will be equal to the total principal and interest coming due with respect to all of the AD Bonds that year, plus, with respect to each parcel in the Assessment District, an additional amount to cover the administrative charges of the City.

Each Reassessment and each installment thereof, and any interest and penalties thereon, constitute a lien against the parcel of land on which it is levied until paid. Only the Reassessments and installments thereof are pledged to secure the AD Bonds. The lien of the Reassessments is co-equal to and independent of the lien for general *ad valorem* property taxes and other taxes, special taxes, and charges collected on the property tax roll. The Reassessment liens supplant the original liens of the assessments in the Assessment District.

THE OBLIGATIONS OF THE CITY UNDER THE AD BONDS FISCAL AGENT AGREEMENT AND THE AD BONDS ARE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM REASSESSMENT INSTALLMENTS AND THE FUNDS PLEDGED THEREFOR UNDER THE AD BONDS FISCAL AGENT AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN), THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE AD BONDS.

Although the Reassessments constitute a fixed lien on the respective assessed parcels within the Assessment District, they do not constitute personal indebtedness of the affected property owners. Further, there are no restrictions on the ability of property owners to sell parcels subject to the Reassessments. No assurance can be given as to the ability or the willingness of any property owner within the Assessment District to pay the annual installments of the Reassessments when due. The failure of a property owner to pay an annual installment of an Reassessment will not result in an increase in Reassessments against other parcels in the Assessment District. See “RISK FACTORS RELATED TO THE BONDS – The AD Bonds are Limited Obligations of the City.”

Method of Reassessment Spread. The Refunding Act provides for the issuance of refunding bonds, payable from certain assessments. Such refunding bonds may be issued to refund bonds originally issued under the Improvement Bond Act of 1915, as amended, constituting Division 10 of the California Streets and Highways Code (the “1915 Act”), and the assessments supersede the original assessments that secure such 1915 Act bonds. The Refunding Act generally requires each estimated annual installment of principal and interest with respect to any assessment to be less than the original assessment being superseded by the same percentage for all subdivisions of land within the applicable assessment district. Therefore, the assessment spread for each parcel will be roughly proportional to the original assessment spread. The City has retained NBS, Temecula, California, as the assessment engineer (the “Assessment Engineer”) to calculate the Reassessments in accordance with the Refunding Act. A copy of the Assessment Engineer’s report on the Reassessment apportionment for the Assessment District is on file with the City.

Covenant to Foreclose. The AD Bonds issued under the Refunding Act are subject to the provisions of the 1915 Act with respect to foreclosure remedies. The 1915 Act provides that, in the event any installment of an assessment is not paid when due, the City may order the collection of the installment by the institution of a court action to foreclose the lien of such assessment. In such an action, the real property subject to the unpaid assessment may be sold at a judicial foreclosure sale. Pursuant to the AD Bonds Fiscal Agent Agreement, the City has covenanted for the benefit of the registered owners of the AD Bonds to annually reconcile Reassessment levies and Reassessment collections and to initiate judicial foreclosure proceedings within ninety (90) days following the end of a Fiscal Year in which there is any delinquency in the payment of an Reassessment. The City’s covenant to initiate judicial foreclosure proceedings shall be honored notwithstanding that the annual installments of Reassessments may be paid by the County pursuant to a Teeter Plan instituted in accordance with Sections 4701 through 4717 of the California Revenue and Taxation Code (a “Teeter Plan”), should the County institute a Teeter Plan that includes the collection of the Reassessments. Currently, no Teeter Plan is in place with respect to the Reassessments. The City has also covenanted to diligently prosecute to completion such foreclosure proceedings as may be necessary to collect the delinquent amounts.

Judicial Foreclosure Sale Proceedings. The 1915 Act provides that the court in a foreclosure proceeding has the power to order a parcel securing delinquent Reassessments to be sold for an amount not less than all delinquent annual installments of the Reassessments, interest, penalties, costs, fees, and other charges that are delinquent at the time the foreclosure action is ordered and certain other fees and amounts as provided in the 1915

Act (the “Minimum Price”). The court may also include subsequent delinquent Reassessments and all other delinquent amounts.

If the parcel is sold to a purchaser other than the City, the City shall deposit the proceeds from the sale of the parcel, after payment of any expenses related to the foreclosure, into the AD Bonds Redemption Fund. The City has no obligation to advance any moneys (other than the foreclosure sale proceeds) to the AD Bonds Redemption Fund. However, if the City for any reason voluntarily chooses to advance funds, then the City shall be reimbursed for such advance of funds from the proceeds of the foreclosure sale. Any funds in excess of the amount necessary to reimburse the City may be applied by the City to reimburse other funds, if any, used to cover delinquent installments of the Reassessments or to pay interest and penalties, costs, fees, and other charges, to the extent they were included in the sale proceeds.

If the parcel or parcels to be sold fail to sell for the Minimum Price, the City may petition the court to modify the judgment so that the parcel or parcels may be sold at a lesser price or without a Minimum Price. In certain circumstances, as provided in the 1915 Act, the court may modify the judgment after a hearing if the court makes certain determinations, including determinations that the sale at less than the Minimum Price will not result in an ultimate loss to the owners of the AD Bonds or that the owners of at least 75% of the principal amount of the AD Bonds outstanding have consented to the petition and the sale will not result in an ultimate loss to nonconsenting owners of outstanding AD Bonds. The court may also make such modification of the judgment upon consent of the owners of at least 75% of the principal amount of the outstanding AD Bonds without determining that the sale will not result in an ultimate loss to the nonconsenting owners of the outstanding AD Bonds if: (i) the City is not obligated to advance available funds to cure a deficiency, (ii) no bids equal to or greater than the Minimum Price have been received at the foreclosure sale, (iii) no funds remain in the applicable reserve fund, (iv) the City has reasonably determined that an assessment and refunding proceeding is not practicable or has in good faith endeavored to accomplish an assessment and refunding and has not been successful, or has completed assessment and refunding arrangements which will, to the maximum extent feasible, minimize the ultimate loss to the bondholders, and (v) no other remedy acceptable to the owners or holders of 75% or more of the principal amount of the outstanding AD Bonds is reasonably available. Neither the parcel owner nor any holder of a security interest in the parcel nor any defendant in the foreclosure action nor any agent thereof may purchase the parcel at the foreclosure sale for less than the Minimum Price. The assessment lien upon property sold at a lesser price than the Minimum Price is to be reduced by the difference between the Minimum Price and the sale price.

No assurance can be given that, in the event of a foreclosure proceeding, a parcel could be sold for the full amount of the delinquency or that any bid would be received for such parcel. See “RISK FACTORS RELATED TO THE BONDS – Land Values.” Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the City to foreclose the lien of delinquent unpaid Reassessment installments may be substantially delayed by bankruptcy court proceedings, may be limited in certain other circumstances, and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation. See “RISK FACTORS RELATED TO THE BONDS – Bankruptcy and Foreclosure Delays” and “– FDIC/Federal Government Interest in Properties.”

Sales of Tax-Defaulted Property Generally. A parcel securing delinquent installments of an Reassessment that is not sold pursuant to the judicial foreclosure proceeding as described above may be sold, subject to redemption by the parcel owner, in the same manner and to the same extent as real property sold for nonpayment of general County property taxes. On or before June 30 of the year in which such delinquency occurs, the parcel becomes tax-defaulted. This initiates a five-year period during which the parcel owner may redeem the parcel. At the end of the five-year period, the parcel becomes subject to sale by the County Treasurer-Tax Collector. Except in certain circumstances, as provided in the 1915 Act, the purchaser at any such sale takes such parcel subject to all delinquent installments of the Reassessment, interest and penalties, costs, fees, and other charges that are not satisfied by application of the sales proceeds and subject to all prior or co-equal liens.

AD Bonds Redemption Fund. The Fiscal Agent is directed under the AD Bonds Fiscal Agent Agreement to establish and maintain the AD Bonds Redemption Fund into which will be placed all sums received from the collection of the Reassessments (other than amounts collected for administration) relating to the AD Bonds. The City shall transfer or cause to be transferred all sums received from the collection of the Reassessments, and interest and certain penalties thereon, and all sums received from the prepayment of Reassessments, to the Fiscal Agent

within ten (10) Business Days prior to the applicable Interest Payment Date. Ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts to be on deposit in the AD Bonds Redemption Fund (following the transfer of collected Reassessments from the City) will be sufficient to pay the debt service due on the AD Bonds on such Interest Payment Date. Upon such determination, the Fiscal Agent shall immediately provide written notice to the Trustee of either (i) the sufficiency of the funds in the AD Bonds Redemption Fund or (ii) the insufficiency of such funds together with the amount of such deficiency.

On each Interest Payment Date, principal of and interest and premium, if any, on the AD Bonds shall be paid by the Fiscal Agent to the Trustee, as assignee of the Authority, which is the registered owner of the AD Bonds, out of the AD Bonds Redemption Fund to the extent funds on deposit in said AD Bonds Redemption Fund are available therefor.

Prepayment of Reassessments; AD Bonds Prepayment Account. A property owner may prepay its Reassessments and thereby cause a partial redemption of the AD Bonds and the Bonds. See “THE BONDS – Redemption – Extraordinary Redemption from Prepayments” and “RISK FACTORS RELATED TO THE BONDS – Potential Early Redemption of Bonds from Prepayments.”

The Fiscal Agent is directed under the AD Bonds Fiscal Agent Agreement to establish the AD Bonds Prepayment Account within the AD Bonds Redemption Fund. The Fiscal Agent shall deposit in the AD Bonds Prepayment Account all moneys received from the Treasurer of the City representing the principal of and redemption premium, if any, on any prepaid AD Bonds. Such moneys shall be applied solely to the payment of principal of and premium, if any, on AD Bonds to be redeemed prior to maturity pursuant to the provisions of the AD Bonds Fiscal Agent Agreement and, in turn, will be applied by the Trustee to effect an extraordinary redemption of Bonds. See “THE BONDS – Redemption – Extraordinary Redemption from Prepayments.”

Repayment of CFD No. 1 Bonds; CFD No. 1 Special Taxes

Pledge Under CFD No. 1 Bonds Fiscal Agent Agreement. Pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds are secured by a first pledge of all Net Taxes and all moneys on deposit in certain funds created under the CFD No. 1 Bonds Fiscal Agent Agreement. The term “Net Taxes” is defined in the CFD No. 1 Bonds Fiscal Agent Agreement as all Gross Taxes less Administrative Expenses. The term “Gross Taxes” is defined in the CFD No. 1 Bonds Fiscal Agent Agreement as the proceeds of the CFD No. 1 Special Taxes received by the City and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the CFD No. 1 Special Taxes. For purposes of this Official Statement, the terms Net Taxes and Gross Taxes, when used in this subsection entitled “Repayment of CFD No. 1 Bonds; CFD No. 1 Special Taxes,” will be referred to as “CFD No. 1 Net Taxes” and “CFD No. 1 Gross Taxes,” respectively.

All CFD No. 1 Gross Taxes received by CFD No. 1 will be directly deposited into the Special Tax Fund established under the CFD No. 1 Bonds Fiscal Agent Agreement (the “CFD No. 1 Special Tax Fund”). It is expected that the CFD No. 1 Special Taxes levied by the City on behalf of CFD No. 1 will be collected for the City by the County Treasurer-Tax Collector in the same manner and at the same time as *ad valorem* property taxes are collected by the County. CFD No. 1 Special Taxes may, however, be collected by direct billing by the City of the affected property owners.

THE OBLIGATIONS OF CFD NO.1 UNDER THE CFD NO.1 BONDS FISCAL AGENT AGREEMENT AND THE CFD NO. 1 BONDS ARE SPECIAL OBLIGATIONS OF CFD NO. 1, PAYABLE SOLELY FROM CFD NO. 1 SPECIAL TAXES AND THE FUNDS PLEDGED THEREFOR UNDER THE CFD NO. 1 BONDS FISCAL AGENT AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR CFD NO. 1 (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN), THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE CFD NO. 1 BONDS.

The CFD No. 1 Special Taxes will be levied against taxable property within CFD No. 1; they do not constitute a personal indebtedness of the respective property owners. There is no assurance that the property owners will be financially able to pay the annual CFD No. 1 Special Taxes or that they will pay such CFD No. 1 Special Taxes even if financially able to do so. See “RISK FACTORS RELATED TO THE BONDS – The CFD No. 1 Bonds are Limited Obligations of CFD No. 1.”

CFD No. 1 Rate and Method of Apportionment. The Rate and Method of Apportionment of Special Tax for CFD No. 1 (the “CFD No. 1 Rate and Method of Apportionment”) has not been amended and will continue to be used for CFD No. 1 upon the issuance of the CFD No. 1 Bonds. See “APPENDIX F-1 – Rate and Method of Apportionment of Special Tax for CFD No. 1.” Capitalized terms used in this subsection entitled “CFD No. 1 Rate and Method of Apportionment” and not otherwise defined shall have the meanings ascribed to such terms in the CFD No. 1 Rate and Method of Apportionment.

In general, the CFD No. 1 Rate and Method of Apportionment imposes a different Maximum Special Tax on Taxable Property within CFD No. 1 depending upon (i) whether such Taxable Property is classified as “Developed Property” (all Taxable Property, exclusive of Property Owner Association Property, or Taxable Public Property, for which a building permit for new construction was issued as of January 1 of the previous Fiscal Year), Property Owner Association Property, Taxable Public Property or Undeveloped Property and (ii) the Land Use Class to which Developed Property is assigned. There are six Land Use Classes applicable to Residential Property and one Land Use Class applicable to Non-Residential Property.

The Maximum Special Tax for Developed Property is the greater of the Assigned Special Tax or the Back-up Special Tax. The Assigned Special Tax for Residential Property for Fiscal Year 2012-13 ranges from \$1,409.43 per dwelling unit in the case of condominium property to \$4,907.14 per unit for single family detached residences located on lots greater than 5,500 square feet in area. The Assigned Special Tax applicable to Non-Residential Property for Fiscal Year 2012-13 is \$0.8524 per square foot of Non-Residential Floor Area. The Back-up Special Tax for Developed Property for Fiscal Year 2012-13 is equal to \$0.8016 per square foot of the applicable Assessor's Parcel. The Assigned Special Tax and the Back-up Special Tax are increased on each July 1 by an amount equal to 2% of the amount in effect for the previous Fiscal Year. If an Assessor's Parcel of Developed Property contains more than one Land Use Class, the Maximum Special Tax shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on such parcel. The Maximum Special Tax for Undeveloped Property, Property Owner Association Property and Taxable Public Property for Fiscal Year 2012-13 is \$34,919.31 per acre. Said amount is increased on each July 1 by an amount equal to 2% of the amount in effect for the previous Fiscal Year.

Pursuant to the CFD No. 1 Rate and Method of Apportionment, the City Council is required to determine the “Special Tax Requirement” for each Fiscal Year. The Special Tax Requirement is the amount required in any Fiscal Year to pay: (i) debt service on all outstanding CFD No. 1 Bonds, (ii) periodic costs on the CFD No. 1 Bonds (such as credit enhancement and rebate payments), (iii) Administrative Expenses, (iv) any amounts required to establish or replenish the Reserve Fund, (v) reasonably anticipated delinquent CFD No. 1 Special Taxes based on the delinquency rate for CFD No. 1 Special Taxes levied in the previous Fiscal Year, less (vi) a credit for funds available to reduce the annual CFD No. 1 Special Tax levy as determined pursuant to the Indenture.

The Special Tax Requirement is to be satisfied first by levying the CFD No. 1 Special Tax Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax. If additional moneys are needed to satisfy the Special Tax Requirement, the CFD No. 1 Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property. If additional moneys are still needed to satisfy the Special Tax Requirement, the CFD No. 1 Special Tax that is to be levied on each Parcel of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax. Finally, any additional amounts required in order to satisfy the Special Tax Requirement shall be raised by the levy of the CFD No. 1 Special Tax Proportionately on each Parcel of Taxable Public Property and Property Owner's Association Property at up to 100% of the applicable Maximum Special Tax. Notwithstanding the foregoing, the CFD No. 1 Special Tax levied against any Assessor's Parcel of Residential Property for which a permit allowing occupancy for residential use has been issued may not be increased by more than 10% as a consequence of delinquency or default by the owner of any other Assessor's Parcel.

CFD No. 1 Special Taxes were first levied in CFD No. 1 in fiscal year 2003-04, with a total levy of \$572,070.96. The CFD No. 1 Special Tax levy for fiscal year 2012-13 has been determined to be an aggregate of \$586,627.96, and will be delinquent if not paid by December 10, 2012 (as to one-half of the levy) and April 10, 2013 (as to the other one-half of the levy). CFD No. 1's Special Tax Consultant reports that, as of June 30, 2012, over 97% of the CFD No. 1 Special Taxes levied in CFD No. 1 in fiscal year 2011-12 had been received by the County, with only 11 parcels in CFD No. 1 being delinquent in the payment of the levy.

Covenant to Commence Superior Court Foreclosure for Delinquent CFD No. 1 Special Taxes. Pursuant to Section 53356.1 of the Mello-Roos Act, CFD No. 1 has covenanted to cause the City, for and on behalf of CFD No. 1, for the benefit of the registered owners of the CFD No. 1 Bonds, to order and cause to be commenced as provided in the CFD No. 1 Bonds Fiscal Agent Agreement, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the Superior Court to foreclose the lien of any CFD No. 1 Special Tax or installment thereof not paid when due. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such a judicial foreclosure sale is not mandatory under the Mello-Roos Act. However, pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement, CFD No. 1 has covenanted to cause the City, for and on behalf of CFD No. 1, for the benefit of the registered owners of the CFD No. 1 Bonds, to annually reconcile CFD No. 1 Special Tax levies and CFD No. 1 Special Tax collections and to order, and cause to be commenced, judicial foreclosure proceedings against (i) parcels with delinquent CFD No. 1 Special Taxes in excess of \$5,000 by the October 1 following the close of the Fiscal Year in which such CFD No. 1 Special Taxes were due, and (ii) all properties with delinquent CFD No. 1 Special Taxes by the October 1 following the close of any Fiscal Year in which CFD No. 1 receives CFD No. 1 Special Taxes in an amount that is less than 95% of the total CFD No. 1 Special Taxes levied. CFD No. 1's covenant to cause the City, for and on behalf of CFD No. 1, to initiate judicial foreclosure proceedings shall be honored notwithstanding that the annual installments of CFD No. 1 Special Taxes may be paid by the County pursuant to a Teeter Plan, should the County institute a Teeter Plan that includes the collection of the CFD No. 1 Special Taxes. Currently, no such Teeter Plan is in place with respect to the CFD No. 1 Special Taxes. CFD No. 1 has also covenanted to cause the City, for and on behalf of CFD No. 1, to diligently prosecute to completion such foreclosure proceedings as may be necessary to collect the delinquent amounts.

No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent CFD No. 1 Special Tax installment. The Mello-Roos Act does not require the City to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale. See "RISKS FACTORS RELATED TO THE BONDS – Bankruptcy and Foreclosure Delays" for a discussion of factors that could impact amounts, if any, to be realized by owners of the CFD No. 1 Bonds as a result of a foreclosure sale.

Judicial Foreclosure Sale Proceedings. Section 53356.6 of the Mello-Roos Act requires that property sold pursuant to foreclosure under the Mello-Roos Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding CFD No. 1 Bonds is obtained. However, under Section 53356.6 of the Mello-Roos Act, the City, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," whereby the City could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the CFD No. 1 Special Tax. If the City becomes the purchaser under a credit bid, the City must pay the amount of its credit bid into the CFD No. 1 Redemption Account; provided, however, that this payment may be made up to 24 months after the date of the foreclosure sale. *The City has no obligation whatsoever to make any credit bid or purchase any property subject to delinquent CFD No. 1 Special Taxes and has no intention to do so.*

No assurance can be given that, in the event of a foreclosure proceeding, a parcel could be sold for the full amount of the delinquency or that any bid would be received for such parcel. See "RISK FACTORS RELATED TO THE BONDS – Land Values." Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the City to foreclose the lien of delinquent unpaid CFD No. 1 Special Taxes may be substantially delayed by bankruptcy court proceedings, may be limited in certain other circumstances, and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation. See "RISK FACTORS RELATED TO THE BONDS – Bankruptcy and Foreclosure Delays" and "– FDIC/Federal Government Interest in Properties."

Sales of Tax-Defaulted Property Generally. A parcel securing delinquent installments of CFD No. 1 Special Taxes that is not sold pursuant to the judicial foreclosure proceeding as described above may be sold, subject to redemption by the parcel owner, in the same manner and to the same extent as real property sold for nonpayment of general County property taxes. On or before June 30 of the year in which such delinquency occurs, the parcel becomes tax-defaulted. This initiates a five-year period during which the parcel owner may redeem the parcel. At the end of the five-year period, the parcel becomes subject to sale by the County Treasurer-Tax Collector. Except in certain circumstances, as provided in the Mello-Roos Act, the purchaser at any such sale takes such parcel subject to

all delinquent installments of the CFD No. 1 Special Taxes, interest and penalties, costs, fees, and other charges that are not satisfied by application of the sales proceeds and subject to all prior or co-equal liens.

CFD No. 1 Special Tax Fund and the CFD No. 1 Bond Service Fund. Collection of the CFD No. 1 Special Taxes. CFD No. 1 Special Taxes will be billed by the County on the general property tax bill to the owners of taxable property within CFD No. 1. The County, upon collection, will remit the portion of the tax payment attributable to the CFD No. 1 Special Taxes to the City, acting on behalf of CFD No. 1. Upon receipt, the City shall transfer or cause to be transferred all sums received from the collection of the CFD No. 1 Special Taxes, and of interest and certain penalties thereon, to the Fiscal Agent for deposit into the CFD No. 1 Special Tax Fund. The Fiscal Agent shall then transfer such CFD No. 1 Special Taxes, on the dates and in the amounts set forth in the CFD No. 1 Bonds Fiscal Agent Agreement, in the following order of priority, to: (1) the Administrative Expense Fund established under the CFD No. 1 Bonds Fiscal Agent Agreement (the “CFD No. 1 Administrative Expense Fund”), to pay Administrative Expenses (as defined in the CFD No. 1 Bonds Fiscal Agent Agreement), and (2) the Bond Service Fund established under the CFD No. 1 Bonds Fiscal Agent Agreement (the “CFD No. 1 Bond Service Fund”), to pay the principal of and interest on the CFD No. 1 Bonds, as such payments become due.

On or before 10 Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the CFD No. 1 Special Tax Fund to the extent required, and place in the CFD No. 1 Bond Service Fund an amount equal, together with amounts on deposit therein, to all of the principal and all of the interest due and payable on all of the CFD No. 1 Bonds on the next applicable Interest Payment Date. Ten Business Days prior to each such Interest Payment Date, the Fiscal Agent shall determine if the amounts to be on deposit in the CFD No. 1 Bond Service Fund (following the transfer of collected CFD No. 1 Special Taxes from the City) will be sufficient to pay all of the principal and all of the interest due and payable on the CFD No. 1 Bonds on such Interest Payment Date. Upon such determination, the Fiscal Agent shall immediately provide written notice to the Trustee of either (i) the sufficiency of the funds in the CFD No. 1 Bond Service Fund or (ii) the insufficiency of such funds, together with the amount of such deficiency. On each such Interest Payment Date, the Fiscal Agent shall withdraw from the CFD No. 1 Bond Service Fund and pay to the owners of the CFD No. 1 Bonds the principal of and interest then due and payable on the CFD No. 1 Bonds. If there are insufficient funds in the CFD No. 1 Bond Service Fund to make the payments as provided above, the Fiscal Agent shall apply the available funds first to the payment of interest on the CFD No. 1 Bonds, and then to the payment of principal due on the CFD No. 1 Bonds, and then to payment of principal due on the CFD No. 1 Bonds by reason of CFD No. 1 Bonds called for redemption under the CFD No. 1 Bonds Fiscal Agent Agreement.

Monies in the CFD No. 1 Bond Service Fund (and the account therein) shall be invested and deposited in accordance with the CFD No. 1 Bonds Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit shall be retained in the CFD No. 1 Bond Service Fund (and the account therein). The Fiscal Agent shall transfer any moneys remaining in the CFD No. 1 Bond Service Fund when there are no longer CFD No. 1 Bonds Outstanding to the CFD No. 1 Special Tax Fund.

Neither the City nor CFD No. 1 has any obligation to advance funds from any funds, accounts, or revenues of the City or CFD No. 1 to cure any deficiency which may occur in the funds and accounts held under the CFD No. 1 Bonds Fiscal Agent Agreement for payment of the CFD No. 1 Bonds. If a delinquency occurs in the payment of any CFD No. 1 Special Tax, neither the City nor CFD No. 1 has any duty to transfer to the Fiscal Agent the amount of the delinquency out of available funds of the City or CFD No. 1.

NO OTHER FUNDS OF THE CITY OR CFD NO. 1 ARE PLEDGED FOR THE PAYMENT OF DELINQUENT CFD NO. 1 SPECIAL TAXES. THE CFD NO. 1 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, CFD NO. 1, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF CFD NO. 1 (EXCEPT AS DESCRIBED HEREIN), OR THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE CFD NO. 1 BONDS.

Prepayment of CFD No. 1 Special Taxes; CFD No. 1 Bonds Prepayment Account. A property owner may prepay its CFD No. 1 Special Tax and thereby cause a partial redemption of the CFD No. 1 Bonds and the Bonds. See “THE BONDS – Redemption – Extraordinary Redemption from Prepayments” and “RISK FACTORS RELATED TO THE BONDS – Potential Early Redemption of Bonds from Prepayments.

The Fiscal Agent is directed under the CFD No. 1 Fiscal Agent Agreement to establish the CFD No. 1 Bonds Prepayment Account within the CFD No. 1 Bonds Redemption Fund. The Fiscal Agent shall deposit in the CFD No. 1 Bonds Prepayment Account all moneys received from the Treasurer of the City representing the principal of and redemption premium, if any, on any prepaid CFD No. 1 Bonds. Such moneys shall be applied solely to the payment of principal of and premium, if any, on CFD No. 1 Bonds to be redeemed prior to maturity pursuant to the provisions of the CFD No. 1 Bonds Fiscal Agent Agreement and, in turn, will be applied by the Trustee to effect an extraordinary redemption of Bonds. See “THE BONDS – Redemption – Extraordinary Redemption from Prepayments.”

Repayment of CFD No. 2000-3 Bonds; CFD No. 2000-3 Special Taxes

Pledge Under CFD No. 2000-3 Bonds Fiscal Agent Agreement. Pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement, the CFD No. 2000-3 Bonds are secured by a first pledge of all Net Taxes and all moneys on deposit in certain funds created under the CFD No. 2000-3 Bonds Fiscal Agent Agreement. The term “Net Taxes” is defined in the CFD No. 2000-3 Bonds Fiscal Agent Agreement as all Gross Taxes less Administrative Expenses. The term “Gross Taxes” is defined in the CFD No. 2000-3 Bonds Fiscal Agent Agreement as the proceeds of the CFD No. 2000-3 Special Taxes received by the City and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the CFD No. 2000-3 Special Taxes. For purposes of this Official Statement, the terms Net Taxes and Gross Taxes, when used in this subsection entitled “Repayment of CFD No. 2000-3 Bonds; CFD No. 2000-3 Special Taxes,” will be referred to as “CFD No. 2000-3 Net Taxes” and “CFD No. 2000-3 Gross Taxes,” respectively.

All CFD No. 2000-3 Gross Taxes received by CFD No. 2000-3 will be directly deposited into the Special Tax Fund established under the CFD No. 2000-3 Bonds Fiscal Agent Agreement (the “CFD No. 2000-3 Special Tax Fund”). It is expected that the CFD No. 2000-3 Special Taxes levied by the City on behalf of CFD No. 2000-3 will be collected for the City by the County Treasurer-Tax Collector in the same manner and at the same time as *ad valorem* property taxes are collected by the County. CFD No. 2000-3 Special Taxes may, however, be collected by direct billing by the City of the affected property owners.

THE OBLIGATIONS OF CFD NO. 2000-3 UNDER THE CFD NO. 2000-3 BONDS FISCAL AGENT AGREEMENT AND THE CFD NO. 2000-3 BONDS ARE SPECIAL OBLIGATIONS OF CFD NO. 2000-3, PAYABLE SOLELY FROM CFD NO. 2000-3 SPECIAL TAXES AND THE FUNDS PLEDGED THEREFOR UNDER THE CFD NO. 2000-3 BONDS FISCAL AGENT AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR CFD NO. 2000-3 (EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN), THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE CFD NO. 2000-3 BONDS.

The CFD No. 2000-3 Special Taxes will be levied against taxable property within CFD No. 2000-3; they do not constitute a personal indebtedness of the respective property owners. There is no assurance that the property owners will be financially able to pay the annual CFD No. 2000-3 Special Taxes or that they will pay such CFD No. 2000-3 Special Taxes even if financially able to do so. See “RISK FACTORS RELATED TO THE BONDS – The CFD No. 2000-3 Bonds are Limited Obligations of CFD No. 2000-3.”

CFD No. 2000-3 Rate and Method of Apportionment. The Rate and Method of Apportionment of Special Tax for CFD No. 2000-3 (the “CFD No. 2000-3 Rate and Method of Apportionment”) has not been amended and will continue to be used for CFD No. 2000-3 upon the issuance of the CFD No. 2000-3 Bonds. See “APPENDIX F-2 – Rate and Method of Apportionment of Special Tax for CFD No. 2000-3.” Capitalized terms used in this subsection entitled “CFD No. 2000-3 Rate and Method of Apportionment” and not otherwise defined shall have the meanings ascribed to such terms in the CFD No. 2000-3 Rate and Method of Apportionment.

CFD No. 2000-3 Special Taxes are levied on and collected from each parcel in CFD No. 2000-3 subject to such CFD No. 2000-3 Special Taxes as set forth in the Special Tax Formula, the complete text of which is contained in “APPENDIX F-2 – Rate and Method of Apportionment of Special Tax for CFD No. 2000-3. The CFD No. 2000-3 Special Taxes were apportioned to the parcels in CFD No. 2000-3 upon an engineering determination taking into consideration parcel size, expected trip generation as determined by land use, and certain other factors. A maximum CFD No. 2000-3 Special Tax was determined for each parcel in CFD No. 2000-3. Notwithstanding the foregoing, the CFD No. 2000-3 Special Tax levied against any Assessor's Parcel of Residential Property for which a permit

allowing occupancy for residential use has been issued may not be increased by more than 10% as a consequence of delinquency or default by the owner of any other Assessor's Parcel.

Section D of the Special Tax Formula sets forth a Special Tax Rate multiplier for each parcel in CFD No. 2000-3, which is applied on an annual basis to the Special Tax Requirement to determine each parcels annual CFD No. 2000-3 Special Tax. CFD No. 2000-3 Special Taxes will be collected on the City *ad valorem* real property tax bills and cannot be levied after fiscal year 2041-2042. The CFD No. 2000-3 Special Tax for any parcel in the District may be optionally prepaid. See Section E of the Special Tax Formula in Appendix F-2 hereto for more specific information on optional prepayments of the CFD No. 2000-3 Special Tax. See also "THE BONDS – Redemption – Extraordinary Redemption from Prepayments." The owner of one of the parcels in CFD No. 2000-3 has prepaid the CFD No. 2000-3 Special Tax obligation for such parcel in full.

CFD No. 2000-3 Special Taxes were first levied in the District in fiscal year 2003-04, with a total levy of \$757,844.12. The CFD No. 2000-3 Special Tax levy for fiscal year 2012-13 has been determined to be an aggregate of \$652,062.26, and will be delinquent if not paid by December 10, 2012 (as to one-half of the levy) and April 10, 2013 (as to the other one-half of the levy). CFD No. 2000-3's Special Tax Consultant reports that, as of June 30, 2012, over 95% of the CFD No. 2000-3 Special Taxes levied in CFD No. 2000-3 in fiscal year 2011-12 had been received by the County, with only 13 parcels in CFD No. 2000-3 being delinquent in the payment of the levy.

Covenant to Commence Superior Court Foreclosure for Delinquent CFD No. 2000-3 Special Taxes. Pursuant to Section 53356.1 of the Mello-Roos Act, CFD No. 2000-3 has covenanted to cause the City, for and on behalf of CFD No. 2000-3, for the benefit of the registered owners of the CFD No. 2000-3 Bonds, to order and cause to be commenced as provided in the CFD No. 2000-3 Bonds Fiscal Agent Agreement, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the Superior Court to foreclose the lien of any CFD No. 2000-3 Special Tax or installment thereof not paid when due. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such a judicial foreclosure sale is not mandatory under the Mello-Roos Act. However, pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement, CFD No. 2000-3 has covenanted to cause the City, for and on behalf of CFD No. 2000-3, for the benefit of the registered owners of the CFD No. 2000-3 Bonds, to annually reconcile CFD No. 2000-3 Special Tax levies and CFD No. 2000-3 Special Tax collections and to order, and cause to be commenced, judicial foreclosure proceedings against (i) parcels with delinquent CFD No. 2000-3 Special Taxes in excess of \$5,000 by the October 1 following the close of the Fiscal Year in which such CFD No. 2000-3 Special Taxes were due, and (ii) all properties with delinquent CFD No. 2000-3 Special Taxes by the October 1 following the close of any Fiscal Year in which CFD No. 2000-3 receives CFD No. 2000-3 Special Taxes in an amount that is less than 95% of the total CFD No. 2000-3 Special Taxes levied. CFD No. 2000-3's covenant to cause the City, for and on behalf of CFD No. 2000-3, to initiate judicial foreclosure proceedings shall be honored notwithstanding that the annual installments of CFD No. 2000-3 Special Taxes may be paid by the County pursuant to a Teeter Plan, should the County institute a Teeter Plan that includes the collection of the CFD No. 2000-3 Special Taxes. Currently, no such Teeter Plan is in place with respect to the CFD No. 2000-3 Special Taxes. CFD No. 2000-3 has also covenanted to cause the City, for and on behalf of CFD No. 2000-3, to diligently prosecute to completion such foreclosure proceedings as may be necessary to collect the delinquent amounts.

No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent CFD No. 2000-3 Special Tax installment. The Mello-Roos Act does not require the City to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale. See "RISKS FACTORS RELATED TO THE BONDS – Bankruptcy and Foreclosure Delays" for a discussion of factors that could impact amounts, if any, to be realized by owners of the CFD No. 2000-3 Bonds as a result of a foreclosure sale.

Judicial Foreclosure Sale Proceedings. Section 53356.6 of the Mello-Roos Act requires that property sold pursuant to foreclosure under the Mello-Roos Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding CFD No. 2000-3 Bonds is obtained. However, under Section 53356.6 of the Mello-Roos Act, the City, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," whereby the City could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the CFD No. 2000-3 Special Tax. If the City becomes the purchaser under a credit bid, the City must pay the amount of its credit bid into the CFD No. 2000-3 Redemption Account; provided, however, that this payment may

be made up to 24 months after the date of the foreclosure sale. *The City has no obligation whatsoever to make any credit bid or purchase any property subject to delinquent CFD No. 2000-3 Special Taxes and has no intention to do so.*

No assurance can be given that, in the event of a foreclosure proceeding, a parcel could be sold for the full amount of the delinquency or that any bid would be received for such parcel. See “RISK FACTORS RELATED TO THE BONDS – Land Values.” Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the City to foreclose the lien of delinquent unpaid CFD No. 2000-3 Special Taxes may be substantially delayed by bankruptcy court proceedings, may be limited in certain other circumstances, and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation. See “RISK FACTORS RELATED TO THE BONDS – Bankruptcy and Foreclosure Delays” and “– FDIC/Federal Government Interest in Properties.”

Sales of Tax-Defaulted Property Generally. A parcel securing delinquent installments of CFD No. 2000-3 Special Taxes that is not sold pursuant to the judicial foreclosure proceeding as described above may be sold, subject to redemption by the parcel owner, in the same manner and to the same extent as real property sold for nonpayment of general County property taxes. On or before June 30 of the year in which such delinquency occurs, the parcel becomes tax-defaulted. This initiates a five-year period during which the parcel owner may redeem the parcel. At the end of the five-year period, the parcel becomes subject to sale by the County Treasurer-Tax Collector. Except in certain circumstances, as provided in the Mello-Roos Act, the purchaser at any such sale takes such parcel subject to all delinquent installments of the CFD No. 2000-3 Special Taxes, interest and penalties, costs, fees, and other charges that are not satisfied by application of the sales proceeds and subject to all prior or co-equal liens.

CFD No. 2000-3 Special Tax Fund and the CFD No. 2000-3 Bond Service Fund. CFD No. 2000-3 Special Taxes will be billed by the County on the general property tax bill to the owners of taxable property within CFD No. 2000-3. The County, upon collection, will remit the portion of the tax payment attributable to the CFD No. 2000-3 Special Taxes to the City, acting on behalf of CFD No. 2000-3. Upon receipt, the City shall transfer or cause to be transferred all sums received from the collection of the CFD No. 2000-3 Special Taxes, and of interest and certain penalties thereon, to the Fiscal Agent for deposit into the CFD No. 2000-3 Special Tax Fund. The Fiscal Agent shall then transfer such CFD No. 2000-3 Special Taxes, on the dates and in the amounts set forth in the CFD No. 2000-3 Bonds Fiscal Agent Agreement, in the following order of priority, to: (1) the Administrative Expense Fund established under the CFD No. 2000-3 Bonds Fiscal Agent Agreement (the “CFD No. 2000-3 Administrative Expense Fund”), to pay Administrative Expenses (as defined in the CFD No. 2000-3 Bonds Fiscal Agent Agreement), and (2) the Bond Service Fund established under the CFD No. 2000-3 Bonds Fiscal Agent Agreement (the “CFD No. 2000-3 Bond Service Fund”), to pay the principal of and interest on the CFD No. 2000-3 Bonds, as such payments become due.

On or before 10 Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the CFD No. 2000-3 Special Tax Fund to the extent required, and place in the CFD No. 2000-3 Bond Service Fund an amount equal, together with amounts on deposit therein, to all of the principal and all of the interest due and payable on all of the CFD No. 2000-3 Bonds on the next applicable Interest Payment Date. Ten Business Days prior to each such Interest Payment Date, the Fiscal Agent shall determine if the amounts to be on deposit in the CFD No. 2000-3 Bond Service Fund (following the transfer of collected CFD No. 2000-3 Special Taxes from the City) will be sufficient to pay all of the principal and all of the interest due and payable on the CFD No. 2000-3 Bonds on such Interest Payment Date. Upon such determination, the Fiscal Agent shall immediately provide written notice to the Trustee of either (i) the sufficiency of the funds in the CFD No. 2000-3 Bond Service Fund or (ii) the insufficiency of such funds, together with the amount of such deficiency. On each such Interest Payment Date, the Fiscal Agent shall withdraw from the CFD No. 2000-3 Bond Service Fund and pay to the owners of the CFD No. 2000-3 Bonds the principal of and interest then due and payable on the CFD No. 2000-3 Bonds. If there are insufficient funds in the CFD No. 2000-3 Bond Service Fund to make the payments as provided above, the Fiscal Agent shall apply the available funds first to the payment of interest on the CFD No. 2000-3 Bonds, and then to the payment of principal due on the CFD No. 2000-3 Bonds, and then to payment of principal due on the CFD No. 2000-3 Bonds by reason of CFD No. 2000-3 Bonds called for redemption under the CFD No. 2000-3 Bonds Fiscal Agent Agreement.

Monies in the CFD No. 2000-3 Bond Service Fund (and the account therein) shall be invested and deposited in accordance with the CFD No. 2000-3 Bonds Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit shall be retained in the CFD No. 2000-3 Bond Service Fund (and the account therein). The Fiscal Agent shall transfer any moneys remaining in the CFD No. 2000-3 Bond Service Fund when there are no longer CFD No. 2000-3 Bonds Outstanding to the CFD No. 2000-3 Special Tax Fund.

Neither the City nor CFD No. 2000-3 has any obligation to advance funds from any funds, accounts, or revenues of the City or CFD No. 2000-3 to cure any deficiency which may occur in the funds and accounts held under the CFD No. 2000-3 Bonds Fiscal Agent Agreement for payment of the CFD No. 2000-3 Bonds. If a delinquency occurs in the payment of any CFD No. 2000-3 Special Tax, neither the City nor CFD No. 2000-3 has any duty to transfer to the Fiscal Agent the amount of the delinquency out of available funds of the City or CFD No. 2000-3.

NO OTHER FUNDS OF THE CITY OR CFD NO. 2000-3 ARE PLEDGED FOR THE PAYMENT OF DELINQUENT CFD NO. 2000-3 SPECIAL TAXES. THE CFD NO. 2000-3 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, CFD NO. 2000-3, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF CFD NO. 2000-3 (EXCEPT AS DESCRIBED HEREIN), OR THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE CFD NO. 2000-3 BONDS.

Prepayment of CFD No. 2000-3 Special Taxes; CFD No. 2000-3 Bonds Prepayment Account. A property owner may prepay its CFD No. 2000-3 Special Tax and thereby cause a partial redemption of the CFD No. 2000-3 Bonds and the Bonds. See “THE BONDS – Redemption – Extraordinary Redemption from Prepayments” and “RISK FACTORS RELATED TO THE BONDS – Potential Early Redemption of Bonds from Prepayments.

The Fiscal Agent is directed under the CFD No. 2000-3 Fiscal Agent Agreement to establish the CFD No. 2000-3 Bonds Prepayment Account within the CFD No. 2000-3 Bonds Redemption Fund. The Fiscal Agent shall deposit in the CFD No. 2000-3 Bonds Prepayment Account all moneys received from the Treasurer of the City representing the principal of and redemption premium, if any, on any prepaid CFD No. 2000-3 Bonds. Such moneys shall be applied solely to the payment of principal of and premium, if any, on CFD No. 2000-3 Bonds to be redeemed prior to maturity pursuant to the provisions of the CFD No. 2000-3 Bonds Fiscal Agent Agreement and, in turn, will be applied by the Trustee to effect an extraordinary redemption of Bonds. See “THE BONDS – Redemption – Extraordinary Redemption from Prepayments.”

Priority of Liens

Priority of Reassessment Lien. The unpaid Reassessments levied on the parcels within the Assessment District and each installment thereof and any interest and penalties thereon constitute a lien against each such parcel until the same are paid. Generally, a special Reassessment lien is subordinate to all special assessment liens previously imposed upon the same property, but has priority over all private liens and over all special assessment liens that may thereafter be created against the same property. However, such lien is on a parity with the lien of general property taxes, assessments, and any special taxes imposed, whether prior to or after the imposition of such special assessment lien, against the same property pursuant to the Mello-Roos Act or other applicable legislation. See “THE DISTRICTS – Direct and Overlapping Debt.”

Priority of Special Tax Liens. The lien of the CFD No. 1 Special Taxes has priority over all private liens on the taxable property within CFD No. 1 whenever imposed. The lien of the CFD No. 2000-3 Special Taxes has priority over all private liens on the taxable property within CFD No. 2000-3 whenever imposed. The lien of the CFD No. 1 Special Taxes is co-equal to and independent of the lien for general property taxes, fixed lien special assessments, and any other special taxes, including, without limitation, special taxes created pursuant to the Mello-Roos Act. The lien of the CFD No. 2000-3 Special Taxes is co-equal to and independent of the lien for general property taxes, fixed lien special assessments, and any other special taxes, including, without limitation, special taxes created pursuant to the Mello-Roos Act. See “THE DISTRICTS –Direct and Overlapping Debt.”

No Obligation of the City Upon Delinquency

The City is under no obligation to transfer any funds of the City into the AD Bonds Redemption Fund, the CFD No. 1 Bond Service Fund, or the CFD No. 2000-3 Bond Service Fund for the payment of the principal or interest on any of the AD Bonds, CFD No. 1 Bonds, or CFD No. 2000-3 Bonds, respectively, if a delinquency occurs in the payment of any Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable. See “SECURITY FOR THE BONDS – Repayment of AD Bonds; Reassessments – Covenant to Foreclose,” “ – Repayment of CFD No. 1 Bonds; CFD No. 1 Special Taxes – Covenant to Commence Superior Court Foreclosure for Delinquent CFD No. 1 Special Taxes, and “ – Repayment of CFD No. 2000-3 Bonds; CFD No. 2000-3 Special Taxes – Covenant to Commence Superior Court Foreclosure for Delinquent CFD No. 2000-3 Special Taxes” above for a discussion of the City’s obligation to foreclose the Reassessment liens, CFD No. 1 Special Tax liens, or CFD No. 2000-3 Special Tax liens upon delinquencies thereof. Pursuant to Section 8769(b) of the California Streets and Highways Code, the City has expressly elected not to obligate itself to advance available funds from the City’s treasury to make up deficiencies in the amount of Reassessment installments collected. Neither CFD No. 1 nor CFD No. 2000-3 has any obligation to advance available funds to make up any deficiencies in the amount of CFD No. 1 Special Taxes or CFD No. 2000-3 Special Taxes, as applicable.

THE DISTRICTS

The Assessment District

Description of Assessment District. The Assessment District was formed by the City pursuant to the 1913 Act for the purpose of financing the acquisition or construction of public improvements, which were deemed by the City as necessary to improve operations and circulation, enhance safety, and increase capacity of the U.S. 101 and Rice Avenue interchange located in the City. The Assessment District encompasses approximately 1,544 assessable acres of commercial, industrial, and residential property located in and around the vicinity of the US 101 and Rice Avenue interchange in the northeast section of the City. The area in which the Assessment District is located is zoned primarily for limited industrial, light industrial, business, and research uses. Development within the Assessment District ranges from large industrial facilities to small industrial buildings and retail uses. The area east of the Assessment District provides an agricultural buffer zone between the Cities of Oxnard and Camarillo. Additional agricultural lands are located south of the Assessment District.

Description of Improvements Financed with Proceeds of AD Bonds. The public improvements financed with approximately \$13,031,155 of proceeds from the sale of the AD Bonds generally consisted of a new 8-lane over-crossing, northbound and southbound on- and off-ramps connecting to U.S. 101, Ventura Boulevard realignment, traffic signals at each ramp, landscaping, irrigation, decorative lighting and railing, public art, sidewalks, curbs, gutters, and pedestrian and bicycle paths. The improvements included all required rights-of-way and easements, and were constructed, acquired, and/or installed in accordance with the plans and specifications as described in an engineer’s report prepared in connection with the issuance of the AD Bonds.

Property Ownership in Assessment District. The Assessment District encompasses 299 parcels (including 11 parcels with prepaid assessments), which are owned by numerous landowners. The complete assessment roll for fiscal year 2012-13 is set forth in Appendix G attached hereto. Sakioka Farms, Inc. (“Sakioka Farms”), owns approximately 430 acres in the Assessment District, which property is currently undeveloped farmland. As owner of such property, Sakioka Farms is responsible for the payment of approximately 34% of the Reassessments. On June 12, 2012, the City Council approved the Sakioka Specific Plan, pursuant to which Sakioka Farms intends to develop a business research and industrial park. Such development is expected to occur in phases over the next 10 to 20 years, and is expected to include up to 8.5 million square feet of office, research, retail, and commercial space, and to create employment for approximately 15,500 workers.

Assessed Value of Property in Assessment District. The following table sets forth the assessed value of the property within the Assessment District for fiscal years 2008-09 through 2012-13.

**TABLE 1
SUMMARY OF ASSESSED VALUES
OF PROPERTY IN ASSESSMENT DISTRICT**

| <u>Fiscal Year</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Assessed Value</u> |
|--------------------|-------------------|------------------------|---------------------------------|
| 2008-09 | \$224,680,556 | \$634,041,296 | \$858,721,852 |
| 2009-10 | 235,413,255 | 630,724,516 | 866,137,771 |
| 2010-11 | 229,032,418 | 640,439,180 | 869,471,598 |
| 2011-12 | 232,147,771 | 645,257,374 | 877,405,145 |
| 2012-13 | 237,031,174 | 653,212,918 | 890,244,092 |

Source: NBS.

Estimated Assessed Value-to-Lien Ratios in the Assessment District. The following table sets forth the number of parcels in the Assessment District within various ranges of estimated assessed value-to-lien ratios. The estimated assessed value-to-lien ratio for all parcels within the Assessment District is approximately 75.22:1; provided, however, that the ratios for individual parcels within the Assessment District vary widely. The value of such individual parcels is significant because, in the event of a delinquency in payment of Reassessments, the only remedy available to the City is to foreclose on the delinquent parcel. A parcel with a lower value-to-lien ratio may be less likely to sell at foreclosure or provide sale proceeds adequate to pay all delinquent Reassessment installments. See “SECURITY FOR THE BONDS – Repayment of AD Bonds; Reassessments – Judicial Foreclosure Sale Proceedings” and “– Repayment of AD Bonds; Reassessments – Sales of Tax-Defaulted Property Generally,” and “RISK FACTORS RELATED TO THE BONDS – Land Values.”

**TABLE 2
SUMMARY OF ESTIMATED
VALUE-TO-LIEN RATIOS
IN ASSESSMENT DISTRICT**

| <u>Estimated Assessed Value-to-Lien Ratio</u> | <u>No. of Parcels</u> | <u>Total Taxable Value</u> | <u>Total Reassessments</u> | <u>Value-to-Lien Ratios</u> |
|---------------------------------------------------|-----------------------|----------------------------|--------------------------------|---------------------------------|
| 0.00 to 4.99:1 | 12 | \$ 18,254,225 | \$ 4,757,830 | 3.84:1 |
| 5.00 to 9.99:1 | 3 | 2,793,637 | 506,627 | 5.51:1 |
| 10.00 to 14.99:1 | 1 | 115,445 | 7,848 | 14.71:1 |
| 15.00 to 19.99:1 | 4 | 1,722,505 | 91,661 | 18.79:1 |
| 20.00 to 29.99:1 | 9 | 3,473,000 | 135,844 | 25.57:1 |
| Greater than 30:1 | 259 | 863,885,280 | 6,335,189 | 136.36:1 |
| Totals/Average | 288 | \$890,244,092 | \$11,835,000 | 75.22:1 |

Source: NBS.

Major Taxpayers in the Assessment District. The following table lists the top five property tax payers in the Assessment District.

**TABLE 3
TOP FIVE TAXPAYERS
IN ASSESSMENT DISTRICT**

| <u>Owner</u> | <u>Number of Parcels</u> | <u>Description</u> | <u>2012/13 Reassessment Levy</u> | <u>Percentage of Total Levy</u> | <u>Total Taxable Value</u> | <u>Total Reassessments</u> | <u>Value-to- Lien Ratio</u> |
|------------------------------------------------|------------------------------|-------------------------------------------------|------------------------------------------|-----------------------------------------|------------------------------------|--------------------------------|-------------------------------------|
| Sakioka Arthur M-Marilyn Tr. | 4 | Truck Crops | \$325,317 | 34.20% | \$ 19,485,126 | \$4,066,013 | 4.79:1 |
| Proctor-Gamble Paper Products | 3 | Major Manufacturing, Warehousing and Storage | 100,812 | 10.60 | 59,372,303 | 1,259,663 | 47.13:1 |
| Sunbelt Enterprises | 16 | Major Office Building | 44,097 | 4.64 | 77,755,267 | 548,065 | 141.87:1 |
| Alice Ranch Co. | 3 | Mixed Use-Industrial Complex | 43,275 | 4.55 | 6,111,032 | 540,388 | 11.31:1 |
| Seminis Vegetable Seeds Inc. | 1 | Industrial | 23,108 | 2.43 | 35,070,294 | 288,680 | 121.49:1 |
| Total/Average – Top Five | 27 | | \$536,610 | 56.41 % | \$197,794,022 | \$6,702,808 | 29.51:1 |
| Total/Average – Assessment District | 288 | | \$951,308 | 100.00 % | \$890,244,092 | \$11,835,000 | 75.22:1 |

Source: NBS.

CFD No. 1

Description of CFD No. 1. The property within CFD No. 1 consists of a completed development known as Westport at Mandalay Bay (the “CFD No. 1 Development”). The CFD No. 1 Development constitutes a 58.3-acre community located in the Channel Islands neighborhood of the western-coastal portion of the City, which is part of a 220-acre specific plan area known as Mandalay Bay - Phase IV. CFD No. 1 is located on the south side of Wooley Road, east of Harbor Boulevard, and is bordered on the west by the Reliant Energy Canal and vacant sand dune land between the canal and Harbor Boulevard, and to the east by the Seabridge Community. The property in CFD No. 1 includes 306 existing single-family attached and detached units, a marina, and approximately 22,000 square feet of commercial space. The property to the south of CFD No. 1 has been developed with various types of residential structures within the original portion of the CFD No. 1 Development. The CFD No. 1 Development represents an expansion of the inland waterway off the existing Reliant Energy Canal. The development created a variety of waterfront living and recreational opportunities including single-family residences with canal frontages and boat slips, a mix of multifamily housing types, a small boat lagoon and a boardwalk promenade with a neighborhood retail component, all linked by a series of jogging paths, parks, and view corridors.

Description of Public Improvements Financed with Refunded 2002 CFD No. 1 Bonds. Pursuant to an Agreement for Construction and Acquisition of Public Improvements, by and between the City and LB/L-SunCal Mandalay LLC, a Delaware limited liability company (the “CFD No. 1 Developer”), the CFD No. 1 Developer constructed various improvements within CFD No. 1, including street improvements, storm drain and water improvements, and improvements to channels and waterways, the cost of which was paid with proceeds from the Refunded 2002 CFD No. 1 Bonds. Approximately \$7,612,452 of proceeds from the sale of the Refunded 2002 CFD No. 1 Bonds were made available to finance the costs of such improvements.

Assessed Value of Property in CFD No. 1. The following table sets forth the assessed value of the property within the CFD No. 1 for fiscal years 2008-09 through 2012-13.

**TABLE 4
SUMMARY OF ASSESSED VALUES
OF PROPERTY IN CFD NO. 1**

| <u>Fiscal Year</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Assessed Value</u> |
|--------------------|-------------------|------------------------|-----------------------------|
| 2008-09 | \$139,795,466 | \$98,371,575 | \$238,167,041 |
| 2009-10 | 122,940,567 | 85,692,868 | 208,633,435 |
| 2010-11 | 97,390,419 | 84,383,346 | 181,773,765 |
| 2011-12 | 88,935,838 | 78,603,726 | 167,539,564 |
| 2012-13 | 77,074,350 | 69,989,734 | 147,064,084 |

Source: NBS.

Estimated Assessed Value-to-Lien Ratios for CFD No. 1 Taxable Property. The following table sets forth the number of parcels within CFD No. 1 within various ranges of estimated assessed value-to-lien ratios. The estimated assessed value-to-lien ratio for all parcels within CFD No. 1 is approximately 16.81:1; provided, however, that the ratios for individual parcels within CFD No. 1 vary widely. The value of such individual parcels is significant because, in the event of a delinquency in payment of CFD No. 1 Special Taxes, the only remedy available to the City is to foreclose on the delinquent parcel. A parcel with a lower value-to-lien ratio may be less likely to sell at foreclosure or provide sale proceeds adequate to pay all delinquent CFD No. 1 Special Taxes. See “SECURITY FOR THE BONDS – Repayment of CFD No. 1 Bonds; CFD No. 1 Special Taxes – Judicial Foreclosure Proceedings” and “– Sale of Tax Defaulted Property Generally” and “– Sale of Tax Defaulted Property Generally,” and “RISK FACTORS RELATED TO THE BONDS – Land Values.”

TABLE 5
SUMMARY OF ESTIMATED
VALUE-TO-LIEN RATIOS
IN CFD NO. 1

| <u>Estimated Assessed</u> <u>Value-to-Lien Ratio</u> | <u>No. of Parcels</u> | <u>Total Taxable Value</u> | <u>Total Lien of</u> <u>CFD No. 1</u> <u>Special Taxes</u> | <u>Value-to-Lien</u> <u>Ratios</u> |
|---------------------------------------------------------|-----------------------|----------------------------|------------------------------------------------------------------|---------------------------------------|
| 0.00 to 4.99:1 | 4 | \$ 343,603 | \$ 90,646 | 3.79:1 |
| 5.00 to 9.99:1 | 10 | 4,427,777 | 486,355 | 9.10:1 |
| 10.00 to 14.99:1 | 56 | 19,662,095 | 1,500,258 | 13.11:1 |
| 15.00 to 19.99:1 | 173 | 87,197,518 | 5,013,684 | 17.39:1 |
| 20.00 to 29.99:1 | 67 | 35,433,091 | 1,659,058 | 21.36:1 |
| Greater than 30:1 | 0 | 0 | 0 | N/A |
| Totals/Average | 310 | \$147,064,084 | \$8,750,000 | 16.81:1 |

Source: NBS.

Major Taxpayers in CFD No. 1. The following table lists the top five property tax payers in CFD No. 1.

TABLE 6
TOP FIVE TAXPAYERS
IN CFD NO. 1

| <u>Owner</u> | <u>Number</u> <u>of Parcels</u> | <u>Description</u> | <u>2012/13</u> <u>CFD No. 1</u> <u>Special Tax</u> <u>Levy</u> | <u>Percentage</u> <u>of Total</u> <u>Levy</u> | <u>Total</u> <u>Taxable</u> <u>Value</u> | <u>Total Lien</u> <u>of CFD</u> <u>No. 1 Debt</u> | <u>Value-to-</u> <u>Lien</u> <u>Ratio</u> |
|-----------------------------------|------------------------------------|---------------------------|-------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|
| Westport Village Partners LLC | 8 | Commercial Condominium | \$ 7,516 | 1.28% | \$1,877,953 | \$112,111 | 16.75:1 |
| Meerovitsch Rafail Tr. | 2 | Single Family Dwellings | 7,367 | 1.26 | 1,892,000 | 109,886 | 17.22:1 |
| Gontmaher Konstantin & Vera | 2 | Single Family Dwellings | 6,405 | 1.09 | 1,760,000 | 95,539 | 18.42:1 |
| Whitesales Marina Business Center | 1 | Mid-Size Office Buildings | 4,936 | 0.84 | 1,240,000 | 73,622 | 16.84:1 |
| Shawcross John | 4 | Multi Family Dwellings | 4,344 | 0.74 | 932,000 | 64,794 | 14.38:1 |
| Total/Average – Top Five | 17 | | \$30,568 | 5.21% | \$7,701,953 | \$455,951 | 16.89:1 |
| Total/Average – CFD No. 1 | 310 | | \$586,628 | 100.00% | \$147,064,084 | \$8,750,000 | 16.81:1 |

Source: NBS.

CFD No. 2000-3

Description of CFD No. 2000-3. CFD No. 2000-3 consists of an approximately 440 acre area in the northwest portion of the City, which includes 626 separate Assessor's Parcels in several noncontiguous groupings. Approximately 211 acres, which is approximately 48% of the land within CFD No. 2000-3, has been developed as a portion of a 701-acre master planned residential and mixed use commercial project known as RiverPark.

Description of Public Improvements Financed with Refunded 2003 CFD No. 2000-3 Bonds. CFD No. 2000-3 is authorized to finance freeway interchange improvements at Oxnard Boulevard in the City, and is part of the coordinated effort to finance infrastructure improvements known as the Vineyard Avenue – Johnson Drive Freeway Improvement Project. The public improvements financed with approximately \$8,858,705 of proceeds from the sale of the Refunded 2003 CFD No. 2000-3 Bonds included the following components: (i) a new 12-lane bridge on Highway 101 over the Santa Clara River, (ii) extra lanes to Highway 101 between Vineyard Avenue and Montalvo railroad spur crossing, (iii) an elevated rail grade crossing at Johnson Drive, and (iv) freeway interchange at Oxnard Boulevard.

Assessed Value of Property in CFD No. 2000-3. The following table sets forth the assessed value of the property within the CFD No. 2000-3 for fiscal years 2008-09 through 2012-13.

**TABLE 7
SUMMARY OF ASSESSED VALUES
OF PROPERTY IN CFD NO. 2000-3**

| <u>Fiscal Year</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Assessed Value</u> |
|--------------------|-------------------|------------------------|-----------------------------|
| 2008-09 | \$283,956,748 | \$214,120,681 | \$498,077,429 |
| 2009-10 | 273,059,317 | 265,787,191 | 538,846,508 |
| 2010-11 | 286,105,401 | 306,961,288 | 593,066,689 |
| 2011-12 | 269,017,283 | 313,099,159 | 582,116,442 |
| 2012-13 | 238,534,881 | 321,407,550 | 559,942,431 |

Source: NBS.

Estimated Assessed Value-to-Lien Ratios for CFD No. 2000-3 Taxable Property. The following table sets forth the parcels within the taxable property within CFD No. 2000-3 and their estimated assessed value-to-lien ratios. The estimated CFD No. 2000-3 Special Tax value-to-lien ratio for all taxable parcels within CFD No. 2000-3 is approximately 28.29:1; provided, however, that the ratios for individual taxable parcels within CFD No. 2000-3 vary widely. The value of such individual parcels is significant because, in the event of a delinquency in payment of the CFD No. 2000-3 Special Taxes, the only remedy available to the City is to foreclose on the delinquent parcel. A parcel with a lower value-to-lien ratio may be less likely to sell at foreclosure or provide sale proceeds adequate to pay all delinquent CFD No. 2000-3 Special Taxes. See “SECURITY FOR THE BONDS – Repayment of CFD No. 2000-3 Bonds; CFD No. 2000-3 Special Taxes – Judicial Foreclosure Proceedings” and “ – Sale of Tax Defaulted Property Generally” and “ – Sale of Tax Defaulted Property Generally,” and “RISK FACTORS RELATED TO THE BONDS – Land Values.”

**TABLE 8
SUMMARY OF ESTIMATED
VALUE-TO-LIEN RATIOS
IN CFD NO. 2000-3**

| <u>Estimated Assessed Value-to-Lien Ratio</u> | <u>No. of Parcels</u> | <u>Total Taxable Value</u> | <u>Total Lien of CFD No. 2000-3 Special Taxes</u> | <u>Overlapping Rio CFD No. 1 Lien</u> | <u>Value-to-Lien Ratios</u> |
|-----------------------------------------------|-----------------------|----------------------------|---------------------------------------------------|---------------------------------------|-----------------------------|
| 0.00 to 4.99:1 | 12 | \$ 238,000 | \$ 338,969 | \$ 130,707 | 0.51:1 |
| 5.00 to 9.99:1 | 165 | 36,268,365 | 458,145 | 3,637,230 | 8.86:1 |
| 10.00 to 14.99:1 | 163 | 39,718,401 | 473,633 | 3,153,115 | 10.95:1 |
| 15.00 to 19.99:1 | 97 | 113,511,223 | 1,428,541 | 4,891,108 | 17.96:1 |
| 20.00 to 29.99:1 | 79 | 19,939,557 | 851,293 | 0 | 23.42:1 |
| Greater than 30:1 | <u>110</u> | <u>350,266,885</u> | <u>4,429,419</u> | <u>0</u> | <u>79.08:1</u> |
| Totals/Average | 626 | \$559,942,431 | \$7,980,000 | \$11,812,160 | 28.29:1 |

Source: NBS.

Major Taxpayers in CFD No. 2000-3. The following table lists the top five property tax payers in CFD No. 2000-3.

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**TABLE 9
TOP FIVE TAXPAYERS
IN CFD NO. 2000-3**

| <u>Owner</u> | <u>Number of Parcels</u> | <u>Description</u> | 2012/13 CFD No. 2000-3 Special Tax | Percentage of Total | Total Taxable Value | Total Lien of CFD No. 2000-3 Debt | Overlapping Rio CFD No. 1 Liens ⁽¹⁾ | Value-to- Lien Ratio |
|---------------------------------------|------------------------------|---------------------------------|---------------------------------------------|------------------------|---------------------------|-----------------------------------------|------------------------------------------------------|----------------------------|
| | | | <u>Levy</u> | <u>Levy</u> | | | | |
| SOCMI LLC | 8 | Major Shopping Center and Malls | \$122,842 | 18.84% | \$ 91,065,600 | \$1,503,351 | \$0 | 60.58:1 |
| Duesenberg Investment Co. | 2 | Major Office Building | 48,513 | 7.44 | 37,434,119 | 593,705 | 0 | 63.05:1 |
| Centro Watt Prop Owner 1 LLC | 4 | Major Shopping Center and Malls | 44,617 | 6.84 | 59,380,000 | 546,021 | 0 | 108.75:1 |
| Capri/KW Serenade LLC | 1 | Multifamily Units | 34,035 | 5.22 | 82,824,000 | 416,522 | 4,140,079 | 18.18:1 |
| Riverpark A LLC | 13 | Vacant Commercial Land | 33,152 | 5.08 | 3,741,295 | 405,721 | 0 | 9.22:1 |
| Total/Average – Top Five | 28 | | \$283,158 | 43.43% | \$274,445,014 | \$3,465,319 | \$4,140,079 | 36.09:1 |
| Total/Average – CFD No. 2000-3 | 626 | | \$652,062 | 100.00% | \$559,942,431 | \$7,980,000 | \$11,812,160 | 28.29:1 |

(1) See “THE DISTRICTS – Direct and Overlapping Debt” and RISK FACTORS RELATED TO THE BONDS – Direct and Overlapping Indebtedness.
Source: NBS.

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Debt Service Coverage

Debt Service Coverage for Bonds from Revenues. The following tables set forth (i) the amount of Revenues expected to be generated by the Acquired Obligations and pledged to the payment of debt service on the Bonds (see Table 10), and (ii) the debt service coverage on the Bonds from such Revenues (see Table 11). The debt service coverage shown in Table 11 is based on the assumption that the debt service on the Acquired Obligations is paid when due. If there are delinquencies in the payment of debt service on the Acquired Obligations, the debt service coverage shown in the following table will not be realized. See “THE DISTRICTS – Delinquency History” below and “RISK FACTORS RELATED TO THE BONDS” for a description of certain events that would increase the likelihood of payment delinquencies.

**TABLE 10
PLEDGED REVENUES**

| Bond Year (September 2) | AD Bonds | CFD No. 1 Bonds | CFD No. 2000-3 Bonds | Total Revenues |
|------------------------------------|------------------------|----------------------------|---------------------------------|------------------------|
| 2013 | \$ 902,864.14 | \$ 555,967.29 | \$ 613,848.10 | \$ 2,072,679.53 |
| 2014 | 906,868.76 | 565,362.50 | 611,331.26 | 2,083,562.52 |
| 2015 | 907,931.26 | 576,412.50 | 610,306.26 | 2,094,650.02 |
| 2016 | 909,731.26 | 585,262.50 | 611,456.26 | 2,106,450.02 |
| 2017 | 901,081.26 | 598,662.50 | 612,306.26 | 2,112,050.02 |
| 2018 | 902,281.26 | 616,462.50 | 607,856.26 | 2,126,600.02 |
| 2019 | 904,406.26 | 621,500.00 | 610,806.26 | 2,136,712.52 |
| 2020 | 905,381.26 | 635,750.00 | 612,931.26 | 2,154,062.52 |
| 2021 | 908,331.26 | 650,650.00 | 611,331.26 | 2,170,312.52 |
| 2022 | 906,931.26 | 667,450.00 | 606,931.26 | 2,181,312.52 |
| 2023 | 909,731.26 | 673,050.00 | 612,131.26 | 2,194,912.52 |
| 2024 | 908,275.00 | 689,000.00 | 607,700.02 | 2,204,975.02 |
| 2025 | 910,337.50 | 703,325.00 | 612,418.76 | 2,226,081.26 |
| 2026 | 905,650.00 | 715,950.00 | 610,825.00 | 2,232,425.00 |
| 2027 | 904,425.00 | 728,200.00 | 609,775.00 | 2,242,400.00 |
| 2028 | 906,750.00 | 748,750.00 | 617,750.00 | 2,273,250.00 |
| 2029 | 911,250.00 | 761,250.00 | 613,500.00 | 2,286,000.00 |
| 2030 | 908,750.00 | 771,750.00 | 608,250.00 | 2,288,750.00 |
| 2031 | 909,500.00 | 795,250.00 | 612,000.00 | 2,316,750.00 |
| 2032 | 908,250.00 | 811,000.00 | 614,250.00 | 2,333,500.00 |
| 2033 | 0.00 | 824,250.00 | 0.00 | 824,250.00 |
| Total | \$18,138,726.74 | \$14,295,254.79 | \$12,227,704.48 | \$44,661,686.01 |

Source: Underwriter.

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TABLE 11
DEBT SERVICE COVERAGE FROM REVENUES
FOR THE BONDS

| Bond Year (September 2) | Debt Service on Series A Bonds | Debt Service on Series B Bonds | Total Debt Service on Bonds | Revenues | Coverage on Series A Bonds | Coverage on Series A Bonds and Series B Bonds |
|------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------------------|------------------------|-------------------------------------------|------------------------------------------------------------------|
| 2013 | \$ 1,415,109.62 | \$ 657,569.91 | \$ 2,072,679.53 | \$ 2,072,679.53 | 146% | 100% |
| 2014 | 1,423,606.26 | 659,956.26 | 2,083,562.52 | 2,083,562.52 | 146 | 100 |
| 2015 | 1,426,106.26 | 668,543.76 | 2,094,650.02 | 2,094,650.02 | 147 | 100 |
| 2016 | 1,436,906.26 | 669,543.76 | 2,106,450.02 | 2,106,450.02 | 147 | 100 |
| 2017 | 1,441,806.26 | 670,243.76 | 2,112,050.02 | 2,112,050.02 | 146 | 100 |
| 2018 | 1,450,956.26 | 675,643.76 | 2,126,600.02 | 2,126,600.02 | 147 | 100 |
| 2019 | 1,456,956.26 | 679,756.26 | 2,136,712.52 | 2,136,712.52 | 147 | 100 |
| 2020 | 1,471,556.26 | 682,506.26 | 2,154,062.52 | 2,154,062.52 | 146 | 100 |
| 2021 | 1,477,406.26 | 692,906.26 | 2,170,312.52 | 2,170,312.52 | 147 | 100 |
| 2022 | 1,489,006.26 | 692,306.26 | 2,181,312.52 | 2,181,312.52 | 146 | 100 |
| 2023 | 1,493,806.26 | 701,106.26 | 2,194,912.52 | 2,194,912.52 | 147 | 100 |
| 2024 | 1,506,606.26 | 698,368.76 | 2,204,975.02 | 2,204,975.02 | 146 | 100 |
| 2025 | 1,516,625.00 | 709,456.26 | 2,226,081.26 | 2,226,081.26 | 147 | 100 |
| 2026 | 1,523,750.00 | 708,675.00 | 2,232,425.00 | 2,232,425.00 | 147 | 100 |
| 2027 | 1,531,000.00 | 711,400.00 | 2,242,400.00 | 2,242,400.00 | 146 | 100 |
| 2028 | 1,550,250.00 | 723,000.00 | 2,273,250.00 | 2,273,250.00 | 147 | 100 |
| 2029 | 1,555,750.00 | 730,250.00 | 2,286,000.00 | 2,286,000.00 | 147 | 100 |
| 2030 | 1,563,000.00 | 725,750.00 | 2,288,750.00 | 2,288,750.00 | 146 | 100 |
| 2031 | 1,581,750.00 | 735,000.00 | 2,316,750.00 | 2,316,750.00 | 146 | 100 |
| 2032 | 1,591,250.00 | 742,250.00 | 2,333,500.00 | 2,333,500.00 | 147 | 100 |
| 2033 | <u>561,750.00</u> | <u>262,500.00</u> | <u>824,250.00</u> | <u>824,250.00</u> | 147 | 100 |
| Totals | \$30,464,953.48 | \$14,196,732.53 | \$44,661,686.01 | \$44,661,686.01 | | |

Source: Underwriter.

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Debt Service Coverage for CFD No. 1 Bonds from CFD No. 1 Special Taxes. Based upon the Fiscal Year 2012-13 CFD No. 1 Maximum Special Tax, the estimated debt service coverage for the CFD No. 1 Bonds is approximately 143%. Notwithstanding the foregoing, the CFD No. 1 Special Tax levied against any Assessor's Parcel of Residential Property for which a permit allowing occupancy for residential use has been issued may not be increased by more than 10% as a consequence of delinquency or default by the owner of any other Assessor's Parcel. Pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement, CFD No. 1 will covenant that it will not issue any obligation or security superior to or on a parity with the CFD No. 1 Bonds payable in whole or in part from CFD No. 1 Special Taxes.

The following table sets forth the estimated debt service coverage for the CFD No. 1 Bonds based on the estimated CFD No. 1 Special Taxes that may be levied in light of the limitations on special tax increases for Residential Property described in the foregoing paragraph, assuming that such CFD No. 1 Special Taxes are increased by 2% each year.

**TABLE 12
ESTIMATED DEBT SERVICE COVERAGE FROM REVENUES
FOR CFD NO. 1 BONDS**

| <u>Bond Year</u> <u>(September 2)</u> | <u>Estimated</u> <u>CFD No. 1</u> <u>Special Tax Levy</u> | <u>Debt Service for</u> <u>CFD No. 1 Bonds</u> | <u>Estimated</u> <u>Coverage for</u> <u>CFD No. 1 Bonds</u> |
|--------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 2013 | \$586,627.96 | \$555,967.29 | 106% |
| 2014 | 596,362.50 | 565,362.50 | 105 |
| 2015 | 607,412.50 | 576,412.50 | 105 |
| 2016 | 616,262.50 | 585,262.50 | 105 |
| 2017 | 629,662.50 | 598,662.50 | 105 |
| 2018 | 647,462.50 | 616,462.50 | 105 |
| 2019 | 652,500.00 | 621,500.00 | 105 |
| 2020 | 666,750.00 | 635,750.00 | 105 |
| 2021 | 681,650.00 | 650,650.00 | 105 |
| 2022 | 698,450.00 | 667,450.00 | 105 |
| 2023 | 704,050.00 | 673,050.00 | 105 |
| 2024 | 720,000.00 | 689,000.00 | 104 |
| 2025 | 734,325.00 | 703,325.00 | 104 |
| 2026 | 746,950.00 | 715,950.00 | 104 |
| 2027 | 759,200.00 | 728,200.00 | 104 |
| 2028 | 779,750.00 | 748,750.00 | 104 |
| 2029 | 792,250.00 | 761,250.00 | 104 |
| 2030 | 802,750.00 | 771,750.00 | 104 |
| 2031 | 826,250.00 | 795,250.00 | 104 |
| 2032 | 842,000.00 | 811,000.00 | 104 |
| 2033 | 855,250.00 | 824,250.00 | 104 |

Source for estimated CFD No. 1 Special Tax levy: NBS

Source for debt service and estimated coverage data: Underwriter.

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Debt Service Coverage for CFD No. 2000-3 Bonds from CFD No. 2000-3 Special Taxes. Based upon the Fiscal Year 2012-13 CFD No. 2000-3 Maximum Special Tax, the estimated debt service coverage for the CFD No. 2000-3 Bonds is approximately 172%. Notwithstanding the foregoing, the CFD No. 2000-3 Special Tax levied against any Assessor's Parcel of Residential Property for which a permit allowing occupancy for residential use has been issued may not be increased by more than 10% as a consequence of delinquency or default by the owner of any other Assessor's Parcel. Pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement, CFD No. 2000-3 covenant that it will not issue any obligation or security superior to or on a parity with the CFD No. 2000-3 Bonds payable in whole or in part from CFD No. 2000-3 Special Taxes.

The following table sets forth the estimated debt service coverage for the CFD No. 2000-3 Bonds based on the estimated CFD No. 2000-3 Special Taxes that may be levied in light of the limitations on special tax increases for Residential Property described in the foregoing paragraph.

**TABLE 13
ESTIMATED DEBT SERVICE COVERAGE FROM REVENUES
FOR CFD NO. 2000-3 BONDS**

| Bond Year (September 2) | Estimated CFD No. 2000-3 Special Tax Levy | Debt Service for CFD No. 2000-3 Bonds | Estimated Coverage for CFD No. 2000-3 Bonds |
|------------------------------------|----------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------|
| 2013 | \$652,062.26 | \$613,848.10 | 106% |
| 2014 | 646,331.26 | 611,331.26 | 106 |
| 2015 | 645,306.26 | 610,306.26 | 106 |
| 2016 | 646,456.26 | 611,456.26 | 106 |
| 2017 | 647,306.26 | 612,306.26 | 106 |
| 2018 | 642,856.26 | 607,856.26 | 106 |
| 2019 | 645,806.26 | 610,806.26 | 106 |
| 2020 | 647,931.26 | 612,931.26 | 106 |
| 2021 | 646,331.26 | 611,331.26 | 106 |
| 2022 | 641,931.26 | 606,931.26 | 106 |
| 2023 | 647,131.26 | 612,131.26 | 106 |
| 2024 | 642,700.02 | 607,700.02 | 106 |
| 2025 | 647,418.76 | 612,418.76 | 106 |
| 2026 | 645,825.00 | 610,825.00 | 106 |
| 2027 | 644,775.00 | 609,775.00 | 106 |
| 2028 | 652,750.00 | 617,750.00 | 106 |
| 2029 | 648,500.00 | 613,500.00 | 106 |
| 2030 | 643,250.00 | 608,250.00 | 106 |
| 2031 | 647,000.00 | 612,000.00 | 106 |
| 2032 | 649,250.00 | 614,250.00 | 106 |

Source for estimated CFD No. 2000-3 Special Tax levy: NBS
Source for debt service and estimated coverage data: Underwriter.

Debt Service Coverage for AD Bonds. Reassessments in the Assessment District will be levied in amounts sufficient to pay debt service on the AD Bonds at the rate of 100% coverage. Unlike the CFD No. 1 Special Taxes and the CFD No. 2000-3 Special Taxes, the Reassessments may not be adjusted based upon payment delinquencies or be levied with any additional debt service coverage factor.

Levies and Delinquencies

Levies and Delinquencies in Assessment District. The following table described the Reassessment levies and the delinquencies in the payment of Reassessments in the fiscal years 2007-08 through 2011-12 as of June 30, 2012.

TABLE 14
LEVIES AND DELINQUENCIES IN ASSESSMENT DISTRICT
(Fiscal Years 2007-08 through 2011-12)
As of June 30, 2012

| <u>Fiscal Year</u> | <u>Amount Levied</u> | <u>Amount Delinquent</u> | <u>Percentage Delinquent</u> | <u>Number of Parcels Levied</u> | <u>Number of Parcels Delinquent</u> | <u>Percentage of Parcels Delinquent</u> |
|--------------------|----------------------|--------------------------|------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| 2007-08 | \$1,109,153 | \$ 0 | 0.00% | 283 | 0 | 0.00% |
| 2008-09 | 1,111,021 | 2,468 | 0.22 | 285 | 2 | 0.70 |
| 2009-10 | 1,114,198 | 4,216 | 0.38 | 295 | 3 | 1.02 |
| 2010-11 | 1,113,749 | 2,803 | 0.25 | 294 | 2 | 0.68 |
| 2011-12 | 1,107,494 | 3,427 | 0.31 | 292 | 3 | 1.03 |

Source: NBS.

Representative Tax Bill for Assessment District. The following table sets forth a representative property tax bill for an industrial parcel within the Assessment District for Fiscal Year 2011-12.

TABLE 15
REPRESENTATIVE PROPERTY TAX BILL
FOR ASSESSMENT DISTRICT
(Fiscal Year 2011-12)

| | | |
|--------------------------------------------------------------------|-----------------------|-----------------|
| Land Use: Industrial | | |
| 2011-12 Local Secured Assessed Valuation: | | \$4,628,535 |
| <u>Ad Valorem Taxes:</u> | <u>Rate per \$100</u> | <u>Amount</u> |
| General Tax Levy | 1.000000 | \$46,285.35 |
| Oxnard Elementary School District General Obligation Bonds | 0.031500 | 1,457.99 |
| Oxnard Elementary School District General Obligation Bonds #2 | 0.026400 | 1,221.93 |
| Oxnard Elementary School District General Obligation Bonds #3 | 0.035800 | 1,657.02 |
| Oxnard Union High School District General Obligation Bonds | 0.009800 | 453.60 |
| Oxnard Union High School District General Obligation Bonds #2 | 0.007600 | 351.77 |
| Ventura Community College District General Obligation Bonds | 0.014000 | 647.99 |
| Metropolitan Water District General Obligation Bonds | 0.003700 | 171.26 |
| City of Oxnard General Fund Obligations | <u>0.076637</u> | <u>3,547.17</u> |
| Total Ad Valorem Taxes | 1.205437 | \$55,794.07 |
| <u>Special Taxes and Assessments:</u> | | |
| AD No. 2001-1 | | \$3,732.22 |
| Calleguas MWD | | 22.60 |
| Metro Water Standby | | 43.30 |
| Vector Control | | 53.58 |
| VCWPD NPDES Oxnard | | 196.88 |
| NPDES Oxnard | | 511.12 |
| Oxnard District 7/8 NFLD/SEGATE | | 1,052.16 |
| Flood Zone 2 Benefit | | <u>1,386.18</u> |
| Total Special Taxes and Assessments | | \$6,998.04 |
| Total Taxes | | \$62,792.11 |
| As a Percentage of the District's Total 2011-12 Assessed Valuation | | 1.36% |

Source: NBS.

Levies and Delinquencies in CFD No. 1. The following table described the CFD No. 1 Special Tax levies and the delinquencies in the payment of CFD No. 1 Special Taxes in the fiscal years 2007-08 through 2011-12 as of June 30, 2012.

TABLE 16
LEVIES AND DELINQUENCIES IN CFD NO. 1
(Fiscal Years 2007-08 through 2011-12)
As of June 30, 2012

| <u>Fiscal Year</u> | <u>Amount Levied</u> | <u>Amount Delinquent</u> | <u>Percentage Delinquent</u> | <u>Number of Parcels Levied</u> | <u>Number of Parcels Delinquent</u> | <u>Percentage of Parcels Delinquent</u> |
|--------------------|----------------------|--------------------------|------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| 2007-08 | \$628,194 | \$ 0 | 0.00% | 303 | 0 | 0.00% |
| 2008-09 | 633,097 | 0 | 0.00 | 310 | 0 | 0.00 |
| 2009-10 | 643,720 | 4,635 | 0.72 | 310 | 2 | 0.65 |
| 2010-11 | 661,206 | 2,158 | 0.33 | 310 | 2 | 0.65 |
| 2011-12 | 667,463 | 17,100 | 2.56 | 310 | 11 | 3.55 |

Source: NBS.

Representative Tax Bill for CFD No. 1. The following table sets forth a representative property tax bill for a single-family detached unit within CFD No. 1 for Fiscal Year 2011-12.

TABLE 17
REPRESENTATIVE PROPERTY TAX BILL
FOR CFD NO. 1
(Fiscal Year 2011-12)

| | | |
|--------------------------------------------------------------------|-----------------------|---------------|
| Land Use: Single-Family Residential | | |
| 2011-12 Local Secured Assessed Valuation (includes \$7,000 HOE): | | \$912,000 |
| <u>Ad Valorem Taxes:</u> | <u>Rate per \$100</u> | <u>Amount</u> |
| General Tax Levy | 1.000000 | \$9,120.00 |
| Oxnard Elementary School District General Obligation Bonds | 0.031500 | 287.28 |
| Oxnard Elementary School District General Obligation Bonds #2 | 0.026400 | 240.77 |
| Oxnard Elementary School District General Obligation Bonds #3 | 0.035800 | 326.50 |
| Oxnard Union High School District General Obligation Bonds | 0.009800 | 89.38 |
| Oxnard Union High School District General Obligation Bonds #2 | 0.007600 | 69.31 |
| Ventura Community College District General Obligation Bonds | 0.014000 | 127.68 |
| Metropolitan Water District General Obligation Bonds | 0.003700 | 33.74 |
| City of Oxnard General Fund Obligations | 0.076637 | 698.93 |
| Total Ad Valorem Taxes | 1.205437 | \$10,993.59 |
| <u>Special Taxes and Assessments:</u> | | |
| CFD No. 1 | | \$3,207.66 |
| CFD No. 2 | | 2,401.10 |
| Calleguas MWD | | 5.00 |
| Metro Water Standby | | 9.58 |
| Vector Control | | 4.66 |
| VCWPD NPDES Oxnard | | 1.78 |
| NPDES Oxnard | | 4.62 |
| Flood Zone 2 Benefit | | 12.54 |
| Total Special Taxes and Assessments | | \$5,646.94 |
| Total Taxes | | \$16,640.53 |
| As a Percentage of the District's Total 2011-12 Assessed Valuation | | 1.82% |

Source: NBS.

Levies and Delinquencies in CFD No. 2000-3. The following table describes the CFD No. 2000-3 Special Tax levies and the delinquencies in the payment of CFD No. 2000-3 Special Taxes in fiscal years 2007-08 through 2011-12 as of June 30, 2012.

TABLE 18
LEVIES AND DELINQUENCIES IN CFD NO. 2000-3
(Fiscal Years 2007-08 through 2011-12)
As of June 30, 2012

| <u>Fiscal Year</u> | <u>Amount Levied</u> | <u>Amount Delinquent</u> | <u>Percentage Delinquent</u> | <u>Number of Parcels Levied</u> | <u>Number of Parcels Delinquent</u> | <u>Percentage of Parcels Delinquent</u> |
|--------------------|----------------------|--------------------------|------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| 2007-08 | \$764,035 | \$ 0 | 0.00% | 293 | 0 | 0.00% |
| 2008-09 | 769,055 | 239 | 0.03 | 533 | 1 | 0.19 |
| 2009-10 | 734,511 | 1,004 | 0.14 | 533 | 6 | 1.13 |
| 2010-11 | 796,850 | 1,954 | 0.25 | 626 | 8 | 1.28 |
| 2011-12 | 728,673 | 32,183 | 4.42 | 627 | 13 | 2.07 |

Source: NBS.

Representative Tax Bill for CFD No. 2000-3. The following table sets forth a representative property tax bill for a commercial parcel within CFD No. 2000-3 for Fiscal Year 2011-12.

TABLE 19
REPRESENTATIVE PROPERTY TAX BILL
FOR CFD NO. 2000-3
(Fiscal Year 2011-12)

| | | |
|--------------------------------------------------------------------|-----------------------|---------------|
| Land Use: Commercial | | |
| <u>2011-12 Local Secured Assessed Valuation:</u> | | \$6,800,000 |
| <u>Ad Valorem Taxes:</u> | <u>Rate per \$100</u> | <u>Amount</u> |
| General Tax Levy | 1.000000 | \$68,000.00 |
| Rio School District General Obligation Bonds | 0.030400 | 2,067.20 |
| Oxnard Union High School District General Obligation Bonds | 0.009800 | 666.40 |
| Oxnard Union High School District General Obligation Bonds #2 | 0.007600 | 516.80 |
| Ventura Community College District General Obligation Bonds | 0.014000 | 952.00 |
| Metropolitan Water District General Obligation Bonds | 0.003700 | 251.60 |
| City of Oxnard General Fund Obligations | 0.076637 | 5,211.32 |
| Total Ad Valorem Taxes | 1.142137 | \$77,665.32 |
| <u>Special Taxes and Assessments:</u> | | |
| CFD No. 2000-3 | | \$4,899.76 |
| CFD No. 5 | | 10,694.18 |
| Calleguas MWD | | 9.14 |
| Metro Water Standby | | 17.52 |
| Vector Control | | 23.30 |
| VCWPD NPDES Oxnard | | 79.70 |
| NPDES Oxnard | | 206.94 |
| Flood Zone 2 Benefit | | 561.22 |
| Total Special Taxes and Assessments | | \$16,491.76 |
| Total Taxes | | \$94,157.08 |
| As a Percentage of the District's Total 2011-12 Assessed Valuation | | 1.38% |

Source: NBS.

Direct and Overlapping Debt

The presence of overlapping debt issued by the City on property in the Districts complicates and could delay the foreclosure process in the event of delinquencies. See “RISK FACTORS RELATED TO THE BONDS – Direct and Overlapping Indebtedness.”

The City has no control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the property within the Assessment District, CFD No. 1, or CFD No. 2000-3 that may be incurred in the future by other governmental agencies having jurisdiction over all or a portion of the property therein. Other public agencies may issue additional indebtedness on property within the Assessment District, CFD No. 1, or CFD No. 2000-3 at any time. Furthermore, nothing prevents the owners of property within the Assessment District, CFD No. 1, or CFD No. 2000-3 from consenting to the issuance of additional debt by other governmental agencies that would be secured by taxes on a parity with the Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, or assessments that would be subordinate to the Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Mello-Roos Act, or taxes, such assessments, special taxes, and taxes will be secured by liens on the property within the Assessment District, CFD No. 1, or CFD No. 2000-3, as applicable.

Accordingly, the debt on the property within the Assessment District, CFD No. 1, or CFD No. 2000-3, as applicable, could increase, without any corresponding increase in the value of the subject property. The imposition of such additional indebtedness could reduce the willingness and ability of the property owners within the Assessment District, CFD No. 1, or CFD No. 2000-3, as applicable, to pay the Reassessments or CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, when due. Moreover, in the event of a delinquency in the payment of Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, no assurance can be given that the proceeds of any foreclosure sale of property with delinquent Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, would be sufficient to pay the delinquent Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes. See “RISK FACTORS RELATED TO THE BONDS – Land Values.”

The information in the following tables has been obtained from California Municipal Statistics, Inc. Neither the City nor the Authority has independently verified or guarantees such information.

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The following table sets forth information regarding the assessed valuation of, and the direct and overlapping debt applicable to, the property within the Assessment District:

TABLE 20
ASSESSED VALUATION AND DIRECT AND OVERLAPPING DEBT
FOR ASSESSMENT DISTRICT
(As of June 27, 2012)

2011-12 Local Secured Assessed Valuation: \$877,405,145 (Land and Improvements Only)

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 6/15/12</u> |
|------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Metropolitan Water District General Obligation Bonds | 0.060% | \$ 117,819 |
| Ventura Community College District General Obligation Bonds | 1.054 | 3,276,635 |
| Oxnard Union High School District General Obligation Bonds | 3.315 | 2,995,282 |
| Oxnard School District General Obligation Bonds | 3.803 | 4,327,815 |
| Rio School District General Obligation Bonds | 16.961 | 2,591,648 |
| City of Oxnard Assessment District No. 2001-1 | 100. | 12,845,000 ⁽¹⁾ |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | \$26,154,199 |
| | | |
| <u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u> | <u>% Applicable ⁽²⁾</u> | <u>Debt 6/15/12</u> |
| Ventura County General Fund Obligations | 1.124% | \$1,053,638 |
| Ventura County Superintendent of Schools Certificates of Participation | 1.124 | 133,363 |
| Oxnard Union High School District General Fund Obligations | 3.570 | 303,450 |
| Oxnard School District Certificates of Participation | 4.153 | 210,960 |
| Rio School District Certificates of Participation | 18.666 | 1,433,549 |
| City of Oxnard General Fund Obligations | 8.065 | 5,450,730 |
| TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT | | \$8,585,690 |
| COMBINED TOTAL DEBT | | \$34,739,889 ⁽³⁾ |

(1) Excludes 1915 Act bonds to be sold.

(2) Based on redevelopment adjusted all property assessed valuation of \$1,064,011,090.

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

Ratios to 2011-12 Assessed Valuation:

| | |
|-----------------------------------------------------------|--------------|
| Direct Debt (\$12,845,000) | 1.46% |
| Total Direct and Overlapping Tax and Assessment Debt..... | 2.98% |
| Combined Total Debt..... | 3.96% |

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

Source: California Municipal Statistics, Inc.

See also "RISK FACTORS RELATED TO THE BONDS – Direct and Overlapping Indebtedness."

The following table sets forth information regarding the assessed valuation of, and the direct and overlapping debt applicable to, the property within CFD No. 1:

TABLE 21
ASSESSED VALUATION AND DIRECT AND OVERLAPPING DEBT
FOR CFD NO. 1
(As of June 27, 2012)

2011-12 Local Secured Assessed Valuation: \$167,422,719

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 6/15/12</u> |
|------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------|
| Metropolitan Water District General Obligation Bonds | 0.009% | \$ 18,558 |
| Ventura Community College District General Obligation Bonds | 0.161 | 500,778 |
| Oxnard Union High School District General Obligation Bonds | 0.507 | 457,778 |
| Oxnard School District General Obligation Bonds | 1.653 | 1,880,922 |
| City of Oxnard Community Facilities District No. 1 | 100. | 9,140,000 ⁽¹⁾ |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | \$11,998,036 |
| <u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u> | <u>% Applicable ⁽²⁾</u> | <u>Debt 6/15/12</u> |
| Ventura County General Fund Obligations | 0.177% | \$ 165,920 |
| Ventura County Superintendent of Schools Certificates of Participation | 0.177 | 21,001 |
| Oxnard Union High School District Certificates of Participation | 0.562 | 47,770 |
| Oxnard School District Certificates of Participation | 1.805 | 91,689 |
| City of Oxnard General Fund Obligations | 1.269 | 857,654 |
| TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT | | \$1,184,034 |
| <u>COMBINED TOTAL DEBT</u> | | <u>\$13,182,070 ⁽³⁾</u> |

(1) Excludes refunding issue to be sold.

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

Ratios to 2011-12 Assessed Valuation:

| | |
|-----------------------------------------------------------|--------------|
| Direct Debt (\$9,140,000) | 5.46% |
| Total Direct and Overlapping Tax and Assessment Debt..... | 7.17% |
| Combined Total Debt..... | 7.87% |

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

Source: California Municipal Statistics, Inc.

See also “RISK FACTORS RELATED TO THE BONDS – Direct and Overlapping Indebtedness.”

The following table sets forth information regarding the assessed valuation of, and the direct and overlapping debt applicable to, the property within CFD No. 2000-3:

TABLE 22
ASSESSED VALUATION AND DIRECT AND OVERLAPPING DEBT
FOR CFD NO. 2000-3
(As of June 27, 2012)

2011-12 Local Secured Assessed Valuation: \$ \$582,116,442 (Land and Improvements Only)

| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 6/15/12</u> |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------|
| Metropolitan Water District General Obligation Bonds | 0.008% | \$ 16,137 |
| Ventura County Community College District General Obligation Bonds | 0.553 | 1,718,482 |
| Oxnard Union High School District General Obligation Bonds | 1.739 | 1,570,921 |
| Rio School District General Obligation Bonds | 13.720 | 2,096,456 |
| Rio School District Community Facilities District No. 1 Mello-Roos Act Bonds | 39.555 | 11,825,055 |
| City of Oxnard Community Facilities District No. 88-1 | 100. | 450,000 |
| City of Oxnard - Oxnard Boulevard/Highway 101 Interchange Project Community Facilities District No. 2000-3 | 100. | 8,335,000 ⁽¹⁾ |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | \$26,012,051 |
| <u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u> | <u>% Applicable ⁽²⁾</u> | <u>Debt 6/15/12</u> |
| Ventura County Certificates of Participation | 0.154% | \$ 144,360 |
| Ventura County Superintendent of Schools Certificates of Participation | 0.154 | 18,272 |
| Oxnard Union High School District General Fund Obligations | 0.489 | 41,565 |
| Rio School District Certificates of Participation | 4.007 | 307,738 |
| City of Oxnard General Fund Obligations | 1.105 | 746,814 |
| TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT | | \$1,258,749 |
| COMBINED TOTAL DEBT | | \$27,270,800 ⁽³⁾ |

(1) Excludes Mello-Roos Act bonds to be sold.

(2) Based on redevelopment adjusted all property assessed valuation of \$145,719,556.

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

Ratios to 2011-12 Assessed Valuation:

| | |
|-----------------------------------------------------------|--------------|
| Direct Debt (\$8,335,000) | 1.43% |
| Total Direct and Overlapping Tax and Assessment Debt..... | 4.47% |
| Combined Total Debt..... | 4.68% |

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

Source: California Municipal Statistics, Inc.

The Community Facilities District No. 88-1 of the City of Oxnard (Oxnard Town Center) 2005 Special Tax Refunding Bonds (the “CFD No. 88-1 Bonds”), described in the table above under the heading “DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT,” will mature on September 2, 2013. All special taxes necessary to pay debt service on the CFD No. 88-1 Bonds through September 2, 2012, have been collected.

The Rio Elementary School District Community Facilities District No. 1 Special Tax Bonds, Series 2005 (the “Rio CFD No. 1 Bonds”), described in the table above under the heading “DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT,” will mature on September 1, 2035. All special taxes necessary to pay debt service on the Rio CFD No. 1 Bonds through September 1, 2012, have been collected.

See also “RISK FACTORS RELATED TO THE BONDS – Direct and Overlapping Indebtedness.”

The Districts in the Aggregate

Set forth under this subheading is certain information describing the Districts in the aggregate. Although the Authority believes the information with respect to the Districts in the aggregate is relevant to an informed decision to purchase the Bonds, investors should be aware that neither the debt service on one Acquired Obligation cannot be used to make up any shortfall in the debt service on another Acquired Obligation. Moreover, the parcels in the Assessment District are assessed in accordance with the 1915 Act, the parcels in CFD No. 1 are taxed in accordance with the CFD No. 1 Rate and Method of Apportionment, and the parcels in CFD No. 2000-3 are taxed in accordance with the CFD No. 2000-3 Rate and Method of Apportionment, and the Reassessments, CFD No. 1 Special Taxes, and CFD No. 2000-3 Special Taxes, as applicable, may only be applied to pay the debt service on the Acquired Obligations relating to the Districts in which they are levied and not on the debt service of any other Acquired Obligations.

Potential investors should further be aware that the Reassessments, the CFD No. 1 Special Taxes, and the CFD No. 2000-3 Special Taxes are levied against individual parcels within the Assessment District, CFD No. 1, and CFD No. 2000-3, as applicable, and that any such parcel may have a value-to-lien ratio less than the overall value-to-lien ratio for such District and less than the value-to-lien ratio of the Districts in the aggregate.

The following table sets forth the aggregate assessed value for the Districts.

TABLE 23
AGGREGATE ASSESSED VALUE
OF PROPERTY IN DISTRICTS
(Fiscal Years 2008-09 through 2012-13)

| <u>Fiscal Year</u> | <u>Secured Property</u> | <u>Unsecured Property</u> | <u>Total Assessed Value</u> |
|--------------------|-----------------------------|-------------------------------|---------------------------------|
| 2008-09 | \$648,432,770 | \$ 946,533,552 | \$1,594,966,322 |
| 2009-10 | 631,413,139 | 982,204,575 | 1,613,617,714 |
| 2010-11 | 612,528,238 | 1,031,783,814 | 1,644,312,052 |
| 2011-12 | 590,545,736 | 1,037,210,513 | 1,627,756,249 |
| 2012-13 | 552,640,405 | 1,044,610,202 | 1,597,250,607 |

Source: NBS.

The following table sets forth the aggregate value-to-lien distribution of the parcels within the Districts.

TABLE 24
SUMMARY OF AGGREGATE ESTIMATED
VALUE-TO-LIEN RATIOS IN DISTRICTS
(Based on Fiscal Year 2012-13 Assessed Values)

| <u>Estimated Assessed Value-to-Lien Ratio</u> | <u>No. of Parcels</u> | <u>Total Taxable Value</u> | <u>Total Lien</u> |
|---------------------------------------------------|-----------------------|----------------------------|---------------------|
| 0.00 to 4.99:1 | 28 | \$ 18,835,828 | \$ 5,318,151 |
| 5.00 to 9.99:1 | 178 | 43,489,779 | 5,088,358 |
| 10.00 to 14.99:1 | 220 | 59,495,941 | 5,134,854 |
| 15.00 to 19.99:1 | 274 | 202,431,246 | 11,424,993 |
| 20.00 to 29.99:1 | 155 | 58,845,648 | 2,646,195 |
| Greater than 30:1 | 369 | 1,214,152,165 | 10,764,608 |
| Totals/Average | 1,224 | \$1,597,250,607 | \$40,377,160 |

Source: NBS.

The following table sets forth a summary of the land use and development status within all of the Districts.

TABLE 25
SUMMARY OF LAND USE AND DEVELOPMENT STATUS
IN DISTRICTS

| <u>District</u> | <u>Land Use</u> | <u>Parcels</u> | <u>Percentage Developed</u> |
|----------------------|-----------------------------------|----------------|-----------------------------|
| Assessment District | Residential/Commercial/Industrial | 288 | 56% |
| CFD No. 1 | Residential/Commercial | 310 | 100 |
| CFD No. 2000-3 | Residential/Commercial | <u>626</u> | <u>67</u> |
| Total/Average | | 1,224 | 74% |

Source: Underwriter (based on information received from NBS).

The following table sets forth a summary of delinquencies in the payment of Reassessments, CFD No. 1 Special Taxes, and CFD No. 2000-3 Special Taxes, in the aggregate, for the Districts.

TABLE 26
AGGREGATE LEVIES AND DELINQUENCIES IN DISTRICTS
(As of June 30, 2012)

| <u>Fiscal Year</u> | <u>Amount Levied</u> | <u>Amount Delinquent</u> | <u>Percentage Delinquent</u> | <u>Number of Parcels Levied</u> | <u>Number of Parcels Delinquent</u> | <u>Percentage of Parcels Delinquent</u> |
|--------------------|----------------------|--------------------------|------------------------------|---------------------------------|-------------------------------------|-----------------------------------------|
| 2007-08 | \$2,501,382 | \$ 0 | 0.00% | 879 | 0 | 0.00% |
| 2008-09 | 2,513,173 | 2,707 | 0.11 | 1,128 | 3 | 0.27 |
| 2009-10 | 2,492,429 | 9,856 | 0.40 | 1,138 | 11 | 0.97 |
| 2010-11 | 2,571,805 | 6,916 | 0.27 | 1,230 | 12 | 0.98 |
| 2011-12 | 2,503,630 | 52,710 | 2.11 | 1,229 | 27 | 2.20 |

Source: NBS.

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The following table sets forth a summary of top ten taxpayers within the Districts.

**TABLE 27
TOP TEN TAXPAYERS
IN DISTRICTS**

| <u>Owner</u> | <u>Number of Parcels</u> | <u>Description</u> | <u>District</u> | <u>2012/13 Reassessment or Special Tax Levy</u> | <u>Percentage of Total Levy</u> | <u>Total Taxable Value</u> | <u>Total Lien</u> | <u>Total Overlapping Debt</u> | <u>Value-to- Lien Ratio</u> |
|--------------------------------------|------------------------------|-------------------------------------------------|---------------------|-------------------------------------------------------------|-----------------------------------------|--------------------------------|---------------------|---------------------------------------|-------------------------------------|
| Sakioka Arthur M-Marilyn Tr. | 4 | Truck Crops | Assessment District | \$325,317 | 14.85% | \$ 19,485,126 | \$ 4,066,013 | \$ 0 | 4.79:1 |
| SOCM I LLC. | 8 | Major Shopping Center and Malls | CFD No. 2000-3 | 122,842 | 5.61 | 91,065,600 | 1,503,351 | 0 | 60.58:1 |
| Proctor-Gamble Paper Products | 3 | Major Manufacturing, Warehousing and Storage | Assessment District | 100,812 | 4.60 | 59,372,303 | 1,259,663 | 0 | 47.13:1 |
| Duesenberg Investment Co. | 2 | Major Office Building | CFD No. 2000-3 | 48,513 | 2.22 | 37,434,119 | 593,705 | 0 | 63.05:1 |
| Centro Watt Prop Owner I LLC | 4 | Major Shopping Center and Malls | CFD No. 2000-3 | 44,617 | 2.04 | 59,380,000 | 546,021 | 0 | 108.75:1 |
| Sunbelt Enterprises | 16 | Major Office Building | Assessment District | 44,097 | 2.01 | 77,755,267 | 548,065 | 0 | 141.87:1 |
| Alice Ranch Co. | 3 | Mixed Use-Industrial Complex | Assessment District | 43,275 | 1.98 | 6,111,032 | 540,388 | 0 | 11.31:1 |
| Capri/Kw Serenade LLC | 1 | Multifamily Unit | CFD No. 2000-3 | 34,035 | 1.55 | 82,824,000 | 416,522 | 4,140,079 | 18.18:1 |
| Riverpark A LLC | 13 | Vacant Commercial Land | CFD No. 2000-3 | 33,152 | 1.51 | 3,741,295 | 405,721 | 0 | 9.22:1 |
| Ralphs Grocery Co. | 3 | Major Shopping Center and Malls | CFD No. 2000-3 | 28,863 | 1.32 | 14,900,000 | 353,230 | 0 | 42.18:1 |
| Total/Average – Top Ten | 57 | | | \$825,523 | 37.70% | \$452,068,742 | \$10,232,677 | \$4,140,079 | 31.45:1 |
| Total/Average – All Districts | 1,224 | | | \$2,189,998 | 100.00% | \$1,597,250,607 | \$28,565,000 | \$11,812,160 | 39.56:1 |

Source: NBS.

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RISK FACTORS RELATED TO THE BONDS

The following information should be considered by prospective investors in evaluating the Bonds. However, it does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the Bonds.

The Bonds are Limited Obligations of the Authority

Funds for the payment of the principal of and interest on the Bonds are derived from debt service payments on the Acquired Obligations, which are derived only from annual Reassessment installments, the CFD No. 1 Special Taxes, and the CFD No. 2000-3 Special Taxes, as applicable. While a coverage factor has been established in structuring the annual debt service on the Acquired Obligations (see “THE DISTRICTS – Debt Service Coverage”), the amount of annual Reassessment installments, the CFD No. 1 Special Taxes, and the CFD No. 2000-3 Special Taxes that are collected by the City could be insufficient to pay principal of and interest on the applicable Acquired Obligations due to non-payment of such annual Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, or due to insufficient proceeds received from a judicial foreclosure sale of land within the Assessment District, CFD No. 1, or CFD No. 2000-3, as applicable, following a delinquency. The obligation of the Authority to advance the amount of delinquencies to the Trustee is strictly limited to funds on deposit in the Senior Reserve Fund and the Subordinate Reserve Fund established and held by the Trustee pursuant to the Indenture. The City’s legal obligations with respect to any delinquent Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes are limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which the Reassessment installment, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Tax, as applicable, is delinquent. The City has determined that it will not obligate itself to advance funds from its treasury to cover any delinquency on the Reassessments, CFD No. 1 Special Taxes, CFD No. 2000-3 Special Taxes, or payments on the Acquired Obligations. CFD No. 1 has no obligation to advance available funds to make up any deficiencies in the amount of CFD No. 1 Special Taxes. CFD No. 2000-3 has no obligation to advance available funds to make up any deficiencies in the amount of CFD No. 2000-3 Special Taxes. The Bonds cannot be accelerated in the event of any default.

The AD Bonds are Limited Obligations of the City

Pursuant to Section 8769(b) of the California Streets and Highways Code, the City has expressly elected not to obligate itself to advance available funds from the City’s treasury to make up deficiencies in the amount of Reassessment installments collected.

Sustained failure by property owners to pay Reassessment installments when due and the inability of the City to sell parcels which have become subject to judicial foreclosure proceedings for amounts sufficient to cover the delinquent Reassessment installments will likely result in the inability of the City to make full or punctual payments of principal of or interest on the AD Bonds, which could deplete the Senior Reserve Fund and the Subordinate Reserve Fund securing the Bonds and result in a default on the Bonds.

Under the provisions of the 1915 Act, Reassessment installments will be billed to the owner of each parcel in the Assessment District against which there is an unpaid Reassessment, with such billing to be made on the regular property tax bills sent to such owners. The Reassessment installments are due and payable at the same time and bear the same late charges and penalties as for non-payment of regular property tax installments.

The obligation to pay Reassessment installments does not constitute a personal obligation of the current or subsequent owners of the respective parcels in the Assessment District that are subject to the Reassessment liens. Enforcement of Reassessment payment obligations by the City is limited to judicial foreclosure in the County Superior Court pursuant to Sections 8830 *et seq.* of the California Streets and Highways Code. There is no assurance that any current or subsequent owner of a parcel subject to an Reassessment lien will be able to pay the Reassessment installments or that such owner will choose to pay such installments even though financially able to do so.

The CFD No. 1 Bonds are Limited Obligations of CFD No. 1

Neither the City nor CFD No. 1 is obligated to advance available funds from the City's treasury to make up deficiencies in the amount of CFD No. 1 Special Taxes collected. Sustained failure by property owners within CFD No. 1 to pay CFD No. 1 Special Taxes when due and the inability of the City to sell parcels which have become subject to judicial foreclosure proceedings for amounts sufficient to cover the delinquent CFD No. 1 Special Taxes will likely result in the inability of CFD No. 1 to make full or punctual payments of principal of or interest on the CFD No. 1 Bonds, which could deplete the Senior Reserve Fund and Subordinate Reserve Fund securing the Bonds and result in a default on the Bonds.

The Mello-Roos Act provides that if any property within CFD No. 1 not otherwise exempt from the CFD No. 1 Special Taxes is acquired by a public entity through a negotiated transaction, or by gift or devise, the CFD No. 1 Special Taxes will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Mello-Roos Act provides that if property subject to the CFD No. 1 Special Taxes is acquired by a public entity through eminent domain proceedings, the obligation to pay the CFD No. 1 Special Taxes with respect to that property is to be treated as if it were a special assessment and paid from the eminent domain award. The constitutionality and operative effect of these provisions of the Mello-Roos Act have not been tested in the courts. If, for any reason, property subject to the CFD No. 1 Special Taxes becomes exempt from taxation by reason of ownership by the federal government, subject to the limitation of the maximum authorized CFD No. 1 Special Taxes and any other limitation on the CFD No. 1 Special Tax rate imposed by CFD No. 1 or the City, the maximum CFD No. 1 Special Tax that could be levied upon the remaining taxable property within CFD No. 1 might not be sufficient to make the payments required to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

The obligation to pay CFD No. 1 Special Taxes does not constitute a personal obligation of the current or subsequent owners of the respective parcels in CFD No. 1. Enforcement of CFD No. 1 Special Tax payment obligations by the City, for and on behalf of CFD No. 1, is limited to judicial foreclosure in the County Superior Court pursuant to Section 53356.1 *et seq.* of the California Government Code. There is no assurance that any current or subsequent owner of a parcel subject to a CFD No. 1 Special Tax lien will be able to pay the CFD No. 1 Special Taxes or that such owner will choose to pay such installments even though financially able to do so.

The CFD No. 2000-3 Bonds are Limited Obligations of CFD No. 2000-3

Neither the City nor CFD No. 2000-3 is obligated to advance available funds from the City's treasury to make up deficiencies in the amount of CFD No. 2000-3 Special Taxes collected. Sustained failure by property owners within CFD No. 2000-3 to pay CFD No. 2000-3 Special Taxes when due and the inability of the City to sell parcels which have become subject to judicial foreclosure proceedings for amounts sufficient to cover the delinquent CFD No. 2000-3 Special Taxes will likely result in the inability of CFD No. 2000-3 to make full or punctual payments of principal of or interest on the CFD No. 2000-3 Bonds, which could deplete the Senior Reserve Fund and Subordinate Reserve Fund securing the Bonds and result in a default on the Bonds.

The Mello-Roos Act provides that if any property within CFD No. 2000-3 not otherwise exempt from the CFD No. 2000-3 Special Taxes is acquired by a public entity through a negotiated transaction, or by gift or devise, the CFD No. 2000-3 Special Taxes will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Mello-Roos Act provides that if property subject to the CFD No. 2000-3 Special Taxes is acquired by a public entity through eminent domain proceedings, the obligation to pay the CFD No. 2000-3 Special Taxes with respect to that property is to be treated as if it were a special assessment and paid from the eminent domain award. The constitutionality and operative effect of these provisions of the Mello-Roos Act have not been tested in the courts. If, for any reason, property subject to the CFD No. 2000-3 Special Taxes becomes exempt from taxation by reason of ownership by the federal government, subject to the limitation of the maximum authorized CFD No. 2000-3 Special Taxes and any other limitation on the CFD No. 2000-3 Special Tax rate imposed by CFD No. 2000-3 or the City, the maximum CFD No. 2000-3 Special Tax that could be levied upon the remaining taxable property within CFD No. 2000-3 might not be sufficient to make the payments required to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

The obligation to pay CFD No. 2000-3 Special Taxes does not constitute a personal obligation of the current or subsequent owners of the respective parcels in CFD No. 2000-3. Enforcement of CFD No. 2000-3 Special Tax payment obligations by the City, for and on behalf of CFD No. 2000-3, is limited to judicial foreclosure in the County Superior Court pursuant to Section 53356.1 *et seq.* of the California Government Code. There is no assurance that any current or subsequent owner of a parcel subject to a CFD No. 2000-3 Special Tax lien will be able to pay the CFD No. 2000-3 Special Taxes or that such owner will choose to pay such installments even though financially able to do so.

Potential Early Redemption of Bonds from Prepayments

Property owners within the Assessment District, CFD No. 1, and CFD No. 2000-3 are permitted to prepay their Reassessments, CFD No. 1 Special Taxes, and CFD No. 2000-3 Special Taxes, as applicable. Prepayments of Reassessments will result in redemption of all or a portion of the AD Bonds (depending on the size of the prepayments), and the proceeds of the AD Bonds so redeemed will then be used to make an extraordinary redemption of the Bonds. Prepayments of CFD No. 1 Special Taxes will result in redemption of all or a portion of the CFD No. 1 Bonds (depending on the size of the prepayments), and the proceeds of the CFD No. 1 Bonds so redeemed will then be used to make an extraordinary redemption of the Bonds. Prepayments of CFD No. 2000-3 Special Taxes will result in redemption of all or a portion of the CFD No. 2000-3 Bonds (depending on the size of the prepayments), and the proceeds of the CFD No. 2000-3 Bonds so redeemed will then be used to make an extraordinary redemption of the Bonds. The Series A Bonds and the Series B Bonds will be called on a *pro rata* basis from the proceeds of the AD Bonds, CFD No. 1 Bonds, and/or CFD No. 2000-3 Bonds redeemed from such prepayments. See “THE BONDS – Redemption – Extraordinary Redemption from Prepayments.”

Concentration of Ownership

The top five property owners own property in the Assessment District that is responsible for the payment of approximately 56.41% of the Reassessments and the top five property owners in CFD No. 2000-3 own property that is responsible for the payment of approximately 43.43% of the CFD No. 2000-3 Special Taxes. The timely payment of the principal of and interest on the Bonds depends upon the willingness and ability of the current and future property owners in the Assessment District, CFD No. 1, and CFD No. 2000-3 to pay the Reassessment installments, the CFD No. 1 Special Taxes, and the CFD No. 2000-3 Special Taxes, as applicable, when due. General and local economic conditions and governmental requirements or restrictions may affect the willingness of the current property owners, or any successor property owners, to pay the Reassessment installments, the CFD No. 1 Special Taxes, and the CFD No. 2000-3 Special Taxes, as applicable, and there is no assurance that the current property owners, or any successor property owners, will pay such Reassessment installments, the CFD No. 1 Special Taxes, and the CFD No. 2000-3 Special Taxes, as applicable, even if financially able to do so. Due to the concentration of ownership of the property within the Assessment District, CFD No. 1, and CFD No. 2000-3, a failure by the current property owners or successor property owners to pay the Reassessment installments, CFD No. 1 Special Taxes and CFD No. 2000-3 Special Taxes, as applicable, may result in a default in the payment of debt service on the Bonds. See “THE DISTRICTS.”

Direct and Overlapping Indebtedness

The ability of a property owner within the Assessment District, CFD No. 1, or CFD No. 2000-3 to pay the Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, could be adversely affected by the existence of other taxes and assessments imposed upon such owner’s property. In addition, other public agencies whose boundaries overlap those of the Assessment District, CFD No. 1, or CFD No. 2000-3 could, without the consent of the City or CFD No. 1 or CFD No. 2000-3, as applicable, and in certain cases without the consent of property owners, impose additional taxes or assessment liens on the property within the Assessment District, CFD No. 1, or CFD No. 2000-3 to finance public improvements to be located inside or outside the Assessment District, CFD No. 1, or CFD No. 2000-3, as applicable. See “THE DISTRICTS – Direct and Overlapping Debt” for a discussion of the direct and overlapping indebtedness pertaining to the Districts.

The lien of the Assessment District is currently the only City-sponsored assessment lien in the Assessment Districts. There currently are five City-sponsored special tax liens in the Districts: (i) the lien of CFD No. 1 (applicable to the taxable property therein), (ii) the lien of CFD No. 2000-3 (applicable to the taxable property therein), (iii) the lien of Community Facilities District No. 2 (Westport at Mandalay Bay) of the City of Oxnard

(applicable to 100% of the taxable property in CFD No. 1) for special taxes levied to provide ongoing maintenance services, but which lien does not and cannot secure the payment of any bonded indebtedness, (iv) the lien of Community Facilities District No. 5 (RiverPark) of the City of Oxnard (applicable to 93% of the taxable property in CFD No. 2000-3) for special taxes levied to provide ongoing maintenance services, but which lien does not and cannot secure the payment of any bonded indebtedness, and (v) the lien of Community Facilities District No. 88-1 (Oxnard Town Center) of the City of Oxnard (applicable to 2% of the taxable property in CFD No. 2000-3) for special taxes that secure the payment of the outstanding CFD No. 88-1 Bonds, which will mature on September 2, 2013. In addition, a lien of special taxes that secure the payment of the outstanding Rio CFD No. 1 Bonds overlaps a portion of the taxable property within CFD No. 2000-3. See “THE DISTRICTS – Direct and Overlapping Debt.”

Risks of Real Estate Secured Investments Generally

The Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Assessment District, CFD No. 1, or CFD No. 2000-3, as applicable, the supply of or demand for competitive properties in such area, and the market value of commercial and industrial buildings and sites in the event of sale or foreclosure, (ii) changes in real estate tax rates and other operating expenses, government rules (including, without limitation, zoning laws and laws relating to threatened and endangered species) and fiscal policies, and (iii) natural disasters (including, without limitation, earthquakes and floods), which may result in uninsured losses.

Failure to Develop Property; Future Land Use Regulations and Growth Control Initiatives

All of the property within CFD No. 1 is developed. Approximately 44% of the Reassessments is secured by liens on undeveloped property within the Assessment District, and the assessed value-to-lien ratio for such property is approximately 6.46:1. In addition, approximately 33% of the CFD No. 2000-3 Special Taxes is secured by liens on taxable undeveloped property within CFD No. 2000-3, and the assessed value-to-lien ratio for such property is approximately 22.24:1. If a developer, merchant builder, or subsequent purchaser or owner of undeveloped property in the Assessment District or CFD No. 2000-3, as applicable, experiences financial difficulties and is unwilling or unable to pay the annual Reassessment installments or CFD No. 2000-3 Special Taxes, as applicable, when due, such nonpayment could result in a default in the payments of principal of and interest on the related issue of Acquired Obligations, which could result in the total depletion of the Senior Reserve Fund and the Subordinate Reserve Fund prior to the replenishment thereof from the resales of property upon a foreclosure. In that event, there could be a default in payment of the principal of and interest on the Bonds.

The motivation of the present or future owners of the assessed property in the Assessment District or of taxable property in CFD No. 1 or CFD No. 2000-3 to pay the Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, when due may be diminished in the event significant delays are experienced in development efforts in the Assessment District, CFD No. 1, or CFD No. 2000-3, as applicable. Further development of property in the Assessment District, CFD No. 1, or CFD No. 2000-3, as applicable, may also be affected by changes in general economic conditions, fluctuations in the real estate market, changes in the ownership of the applicable land, changes in the income tax treatment of real property ownership, availability of utilities at a reasonable cost, and other factors. In addition, any proposed development is subject to existing and future federal, state, and local regulations. Approval will be required from various public agencies in connection with the design, nature, and extent of the required public improvements, and such matters as land use and zoning. Failure to meet any such future regulations or obtain any such approvals in a timely manner could delay or adversely affect any proposed development of the parcels of land in the Assessment District, CFD No. 1, or CFD No. 2000-3.

Under current California law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been properly issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on such permits. There can be no assurance that land development within the Assessment District, CFD No. 1, or CFD No. 2000-3 will not be adversely affected by future governmental policies or growth control initiatives, including, but not limited to, governmental policies or initiatives to restrict or control development or further governmental regulation and protection.

In the past, a number of communities in southern California have placed on the ballot initiative measures intended to control the rate of future development. It is possible that future initiatives could be enacted, could

become applicable to proposed development within the Assessment District, CFD No. 1, or CFD No. 2000-3, as applicable, and could negatively impact the ability of developers and merchant builders, or their successors, to complete development within the Assessment District or the taxable CFD property, as applicable. The application of future land use regulations to the proposed development could cause significant delays and cost increases in the completion of such development and could cause the land values of the undeveloped parcels, if any, within the Assessment District, CFD No. 1, or CFD No. 2000-3, as applicable, to decrease substantially.

Factors Which May Affect Land Development

Future development in the Districts may be affected by changes in general economic conditions, fluctuations in the real estate market, and other factors. In addition, development may be subject to future federal, state, and local regulations. Approval may be required from various agencies from time to time in connection with the layout and design of any proposed development in the Districts, the nature and extent of public improvements, land use, zoning, and other matters. Although no such delays are anticipated, failure to meet any such future regulations or obtain any such approvals in a timely manner could delay or adversely affect any proposed development in the Districts. The development of property within the Districts could be adversely affected if lawsuits or other actions were commenced to restrict or prevent further development within the Districts.

Bankruptcy and Foreclosure Delays

The payment of Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, and the ability of the City to foreclose the lien of a delinquent Reassessment, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Tax, as applicable, is normally delayed by and may be limited in other ways by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by State laws relating to judicial foreclosure. In addition, the prosecution of a judicial foreclosure may be delayed due to congested local court calendars or procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments, including the Bonds and the Acquired Obligations, by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally, by the application of equitable principles, and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the lien of the Reassessments or the CFD No. 1 Special Taxes or CFD No. 2000-3 Special Taxes, as applicable, to become extinguished, bankruptcy of a property owner or of a partner or other equity owner of a property owner could result in a stay of enforcement of the lien for the Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, a delay in prosecuting Superior Court foreclosure proceedings, or adversely affect the ability or willingness of a property owner to pay the Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, and could result in the possibility of delinquent Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, not being paid in full. In addition, the amount of any lien on property securing the payment of delinquent Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes could be reduced if the value of the applicable property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of the delinquent Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, not being paid in full. Moreover, amounts received upon foreclosure sales may not be sufficient to fully discharge delinquent Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable. To the extent that a significant percentage of the property in the Assessment District or the taxable CFD property, as applicable, is the subject of bankruptcy proceedings, the payment of the Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, and the ability of the City to foreclose the lien of a delinquent unpaid Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, could be extremely curtailed by bankruptcy, insolvency, or other laws generally affecting creditors' rights, or by the laws of the State relating to judicial foreclosure.

FDIC/Federal Government Interests in Properties

The ability of the City to foreclose the lien of delinquent unpaid Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”) has an interest. In the event that any financial institution making any loan which is secured by real property within the Assessment District or the taxable CFD property is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, then the ability of the City to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, may be limited.

The FDIC’s policy statement regarding the payment of state and local real property taxes (the “Policy Statement”) provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure, or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

The Policy Statement states that the FDIC generally will not pay non-ad *valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special assessments due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC’s federal immunity.

Based on the records of the County Assessor, the FDIC does not currently own any of the property in the Assessment District, CFD No. 1, or CFD No. 2000-3.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes on a parcel within the Assessment District or the taxable CFD property, as applicable, in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Senior Reserve Fund and the Subordinate Reserve Fund and perhaps, ultimately, a default in payment on the Bonds.

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS,” in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the Authority has covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. In addition, each of the City, CFD No. 1, and CFD No. 2000-3 has covenanted under the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, and the CFD No. 2000-3 Bonds Fiscal Agent Agreement, respectively, not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the AD Bonds, the CFD No. 1 Bonds, or the CFD No. 2000-3 Bonds, as applicable, under Section 103 of the Code. If interest on the AD Bonds, the CFD No. 1 Bonds, or the CFD No. 2000-3 Bonds becomes includable in gross income for purposes of federal income taxation, interest on the Bonds could also become so includable, as well. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of acts or omissions of the Authority, the City, CFD No. 1, or CFD No. 2000-3 in violation of the Code. Should such an event of taxability

occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the extraordinary redemption provisions of the Indenture from Reassessment prepayments.

No Acceleration

There is no provision in the Indenture for acceleration of the payment of principal of or interest on the Bonds in the event of default or in the event interest on the Bonds becomes included in gross income for federal income tax purposes.

Limitations on Remedies

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest and premium, if any, on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay in the exercise of, or limitations on or modifications to, the rights of the Owners.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Authority, the City, CFD No. 1, and CFD No. 2000-3, may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, usual equitable principles that may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of such rights. See "RISK FACTORS RELATED TO THE BONDS – Bankruptcy and Foreclosure Delays," and "– FDIC/Federal Government Interests in Properties."

Land Values

The value of property within the Assessment District, CFD No. 1, and CFD No. 2000-3 is an important factor in evaluating the investment quality of the Bonds. In the event that a property owner defaults in the payment of an Reassessment installment, CFD No. 1 Special Tax, or CFD No. 2000-3 Special Tax, as applicable, the only remedy available to the City, CFD No. 1, or CFD No. 2000-3, as applicable, is to judicially foreclose on the subject property. Prospective purchasers of the Bonds should not assume that the property within the Assessment District or the taxable property within CFD No. 1 and CFD No. 2000-3 could be sold for the assessed value described herein at a foreclosure sale for delinquent Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable, or for an amount adequate to pay delinquent Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable. Reductions in property values within the Assessment District or the taxable property within CFD No. 1 and CFD No. 2000-3 due to a downturn in the economy or the real estate market, events such as earthquakes, droughts, or floods, stricter land use regulations, threatened or endangered species, or other events may adversely impact the security underlying the Reassessments, the CFD No. 1 Special Taxes, or the CFD No. 2000-3 Special Taxes, as applicable. In addition, property owners may challenge the County Assessor's valuation of their property and, if such challenges are successful, the assessed valuation of their property may be reduced.

The actual market value of the property within the Districts is subject to future events such as downturn in the economy, occurrences of certain acts of nature and the decisions of various governmental agencies as to land use, all of which could adversely impact the value of the property in the Districts that is the security for the Acquired

Obligations, which secure the Bonds. As discussed herein, many factors could adversely affect property values or prevent or delay development of property within the Districts.

Hazardous Substances

A reduction in the value of a parcel within any of the Districts could occur as a result of a claim with regard to a hazardous substance. In general, the owners and operators of a parcel within any of the Districts may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are similarly stringent. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of the property whether or not the owner or operator had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the Districts be affected by a hazardous substance, will be to reduce the marketability and value of such parcel by the costs of remedying the condition, since the current owner, as well as any prospective purchaser, upon becoming an owner, will be obligated to remedy the condition.

Further, it is possible that liabilities may arise in the future with respect to a parcel as a result of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future as a result of the current existence on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly affect the value of a parcel within the Districts that is realizable upon a delinquency.

Seismic and Flood Hazards

California has historically been subject to periodic seismic activity. None of the property within the Districts is located within any Special Studies Zone, as defined in the Alquist-Priolo Special Studies Zone Act. Nevertheless, it may still be subject to moderate and severe ground shaking in the event of a major seismic occurrence on any of the active faults in the southern California area. The occurrence of seismic activity in the Districts could result in substantial damage to properties in the Districts which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable.

Relevant Federal Emergency Management Agency maps indicate that the Districts are located outside of the 100-year flood plain and are therefore not considered to be subject to significant flood hazard.

Limited Secondary Market

As stated herein, investment in the Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Bonds or, if a secondary market exists, that the Bonds can or could be sold for any particular price. From time to time there may be no market for the Bonds, depending upon prevailing market conditions, the financial condition or market positions of firms who may make the secondary market, the financial condition and results of operations of the owners of property located within the boundaries of the Districts, and the extent of the development of property within the Districts.

Economic, Political, Social, and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, and/or international level may adversely affect investment risk generally. Such changes may also adversely affect the value of property within the Districts and the willingness or ability of the owners of land within the Districts to pay their Reassessment installments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes, as applicable. Such conditional changes may include (but are not limited to) fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest,

fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage, and natural disasters.

Articles XIII A and XIII B of the California Constitution

On June 6, 1978, California voters approved an amendment to the California Constitution, commonly known as Proposition 13 (the Jarvis/Gann Initiative), which added Article XIII A to the California Constitution. The effect of Article XIII A is to significantly limit the imposition of new *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. On November 7, 1978, California voters approved Proposition 8, which made certain clarifications to Article XIII A.

Article XIII A of the California Constitution limits the amount of *ad valorem* taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A 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.” The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% per year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and allows local governments to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. Article XIII A requires a vote of two-thirds of the qualified electorate to impose special taxes on real property, while otherwise generally precluding the imposition of any additional *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues.

Enactment of Article XIII A has reduced the amount of general property tax revenues received by the City. This reduction in such revenues makes it less likely that the City, CFD No. 1, or CFD No. 2000-3 will have surplus funds, other than the Senior Reserve Fund and the Subordinate Reserve Fund, with which to advance funds to make any payments or to cure any deficiency in the AD Bonds Redemption Fund or the CFD Bond Services Fund, as applicable, should the City, CFD No. 1, or CFD No. 2000-3, as applicable, in the exercise of its discretion, choose to do so. If there are additional delinquencies after exhaustion of funds in the Senior Reserve Fund and the Subordinate Reserve Fund, none of the City, CFD No. 1, or CFD No. 2000-3 has any obligation to transfer into the AD Bonds Redemption Fund or the CFD Bond Service Fund, as applicable, the amount of any such delinquencies out of any surplus moneys of the City.

On July 2, 1979, the Fifth District Court of Appeal rendered a 3-0 decision in the case of *County of Fresno v. Malmstrom* (94 Cal. App. 3d 1974) that determined that special assessments are not subject to the limitations of Article XIII A (Proposition 13). The Court held the one percent tax limitation imposed by California Constitution Article XIII A on *ad valorem* taxes does not apply to special assessments levied pursuant to the Improvement Act of 1911 (Streets and Highways Code, Section 5000 *et seq.*, the relevant portions of which are incorporated in the 1915 Act) and the 1913 Act. The Court further held that because special assessments pursuant to such acts are not within the definition of “special taxes” in Article XIII A, the Constitution does not require the levy of assessments and the issuance of bonds to be approved by a two-thirds vote of the qualified electors in an assessment district. On September 12, 1979, the California Supreme Court refused to hear an appeal of the lower court’s decision.

At the November 6, 1979, general election, Proposition 4 (the Gann Initiative) was approved by the voters of California. Such proposition added Article XIII B to the California Constitution.

Article XIII B of the California Constitution limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be allocated to fund schools or be returned by revising tax rates or fee schedules over the subsequent two years.

On December 17, 1980, the Third District Court of Appeal rendered a 3-0 decision in the case *County of Placer v. Corin* (113 Cal. App. 3d 443) that determined that special assessments are not subject to the limitation of Article XIII B (Proposition 4). The Court held that the definition of "proceeds of taxes" imposed by California Constitution Article XIII B does not apply to special assessments and improvement bonds issued pursuant to the 1915 Act and the 1913 Act. The decision of the Court was not appealed.

The enactment of Article XIII A of the California Constitution (Proposition 13) and subsequent legislative enactments effectively repeal the otherwise mandatory duty on the part of the City, under the 1915 Act, to levy and collect a special tax (in an amount necessary to meet delinquencies, but not to exceed ten cents on each \$100 of assessable property within the City in any one year) if other funds are not available to cover delinquencies.

In early 1990, the U.S. Supreme Court struck down as a violation of equal protection certain property tax assessment practices in West Virginia, which had resulted in vastly different assessments of similar properties. Since Article XIII A provides that property may only be assessed up to 2%, per year, except upon change of ownership or new construction, recent purchasers may pay substantially higher property taxes than long-time owners of comparable property in a community. The Supreme Court in the West Virginia case expressly declined to comment in any way on the constitutionality of Article XIII A.

Based on this decision, however, property owners in California brought three suits challenging the acquisition value assessment provisions of Article XIII A. Two cases involve residential property and one case involves commercial property. In all three cases, State trial and appellate courts have upheld the constitutionality of Article XIII A's assessment rules and concluded that the West Virginia case did not apply to California's laws. On June 3, 1991, the U.S. Supreme Court agreed to hear the appeal in the challenge relating to commercial property, but the plaintiff subsequently decided to drop the case.

On October 7, 1991, the U.S. Supreme Court granted the plaintiff's petition for a writ of certiorari and agreed to hear the *Nordlinger v. Lynch* case. On June 18, 1992, the U.S. Supreme Court affirmed the Nordlinger decision (112 U.S. 2326) of the California Court of Appeal, Second Appellate District, which previously held that Article XIII A does not violate the U.S. Constitution.

The City cannot predict whether any other pending or future challenges to the State's present system of property tax assessment will be successful, when the ultimate resolution of any challenge will occur, or the ultimate effect any decision regarding the State's present system of property tax assessment will have on the City's revenues or on the State's financial obligations to local governments.

Articles XIII C and XIII D of the California Constitution

Proposition 218, a state ballot initiative known as the "Right to Vote on Taxes Act," was approved by California voters on November 6, 1996. Proposition 218 added Articles XIII C and XIII D to the State Constitution, and, with the exception of certain provisions, Articles XIII C and XIII D became effective on November 6, 1996.

Among other things, Proposition 218 imposed certain voting requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges. Under Proposition 218 (i) all taxes imposed by local governments are deemed to be either general taxes, or special taxes, (ii) no local government may impose, extend, or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote, and (iii) no local government may impose, extend, or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote. Special purpose districts, including community facilities districts and assessment districts, have no power to levy general taxes. The City believes that the issuance of the AD Bonds and the CFD Bonds, as applicable, does not require the conduct of

further proceedings under the Refunding Act, the 1915 Act, the 1913 Act, the Mello-Roos Act, or Proposition 218, as applicable, other than as described herein.

Proposition 218 provides that the initiative power shall “not be prohibited or otherwise limited in matters reducing or repealing any local tax, assessment, fee or charge...” Thus, Proposition 218 removes limitations on the initiative power in matters of, among other things, the Reassessments, the CFD No. 1 Special Taxes, and the CFD No. 2000-3 Special Taxes. Consequently, it is conceivable that the voters of the City or the Districts could, by future initiative, repeal, reduce, or prohibit the future imposition or increase of any Reassessment, CFD No. 1 Special Tax, or CFD No. 2000-3 Special Tax, subject to overriding federal constitutional principles relating to impairment of contracts.

Although the provisions of Article XIII C have not been interpreted by the courts, the City believes that the initiative power cannot be used to reduce or repeal the unpaid Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes that are pledged as security for payment of the Acquired Obligations or to otherwise interfere with the mandatory, statutory duty of the City and the Ventura County Auditor with respect to the unpaid Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes that are pledged as security for payment of the Acquired Obligations.

Article XIII D, entitled “Assessment and Property Related Fee Reform,” contains several new provisions making it generally more difficult for local agencies to levy and maintain “assessments” for municipal services and programs. Article XIII D requires that, beginning July 1, 1997, the proceedings for the levy of any assessment by the City under the 1913 Act (including, if applicable, any increase in such assessment or any supplemental assessment under the 1913 Act) must be conducted in conformity with the provisions of Section 4 of Article XIII D. “Assessment” is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. Article XIII D additionally provides that in levying “assessments” a local government must separate the “general benefits” from the “special benefits” conferred on a parcel and may not impose on any parcel an assessment which exceeds the “reasonable cost of the proportional special benefit conferred on that parcel.” Article XIII D also contains various notice requirements and a public hearing requirement and prohibits the imposition of an assessment if ballots submitted by property owners, weighted according to the proportional financial obligation of the affected property, in opposition to the assessment exceed the ballots submitted in favor of the assessment. The City believes that it has complied with all provisions of Article XIII D applicable to the Assessment District proceedings described herein.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Future Initiatives

Articles XIII A, XIII B, XIII C, and XIII D of the Constitution were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, which may affect the ability of the City, CFD No. 1, or CFD No. 2000-3 to levy and maintain Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes.

RISK FACTORS RELATED TO THE SERIES B BONDS

In addition to the risks described under the heading “RISK FACTORS RELATED TO THE BONDS,” there are several additional risks that are relevant to an investment in the Series B Bonds. The Series B Bonds are subordinate in right of payment to the Series A Bonds. The Series B Bonds are not rated. For this reason, investments in the Series B Bonds involve a high degree of risk and are not appropriate for all investors.

Subordination of Series B Bonds

The Series B Bonds are subordinate to the Series A Bonds in right of payment. Revenues will be available to pay obligations on the Series B Bonds only after all payments and deposits with respect to the Series A Bonds have been made and the replenishment of the Senior Reserve Fund has occurred as set forth herein and in the Indenture. In the event of delinquencies in the payment of Reassessments, CFD No. 1 Special Taxes, or CFD No. 2000-3 Special Taxes that exceed the expected amount of debt service coverage from the Revenues, there may

not be sufficient Revenues available to pay principal or interest due with respect to any or all of the Series B Bonds then outstanding.

No Rating of Series B Bonds

The Series B Bonds are not rated by any rating agency, and the Authority does not presently intend to seek any rating of the Series B Bonds nor does the Authority anticipate that the Series B Bonds would qualify for an investment grade rating.

THE AUTHORITY

The Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California pursuant to a Joint Exercise of Powers Agreement, dated as of October 8, 1991, as amended on April 21, 1992, by and among the City, the Oxnard Community Development Commission (as successor to the Redevelopment Agency of the City of Oxnard), and the Housing Authority of the City of Oxnard. The Authority was created to finance the cost of any capital improvements, working capital, liability and other insurance needs, or projects wherever there are significant public benefits, as determined by the City.

The Authority is governed by a five-member governing board (the “Board”). There is currently one vacancy on the Board. The current members of the Board are:

| <u>Name</u> | <u>Office</u> |
|----------------------|----------------------|
| Dr. Thomas E. Holden | Chairman |
| Dr. Irene G. Pinkard | Vice Chairman |
| Bryan A. MacDonald | Board Member |
| Tim Flynn | Board Member |
| Carmen Ramirez | Board Member |

The Authority is also served by the officers listed below who, in the case of the General Counsel, serves in this capacity by virtue of his duties as City Attorney, or, in the case of the Secretary and Assistant Controller, are appointed by officers of the Authority and serve at the pleasure of the Board. The Authority officers are:

| <u>Name</u> | <u>Position</u> |
|--------------------|------------------------|
| James Cameron | Controller |
| Michael J. More | Assistant Controller |
| Alan Holmberg | General Counsel |
| Daniel Martinez | Secretary |

Neither the Authority nor the members of the Board have any obligations or liability to the owners of the Bonds with respect to the payment of debt service for the Bonds or with respect to the performance by the City, CFD No. 1, or CFD No. 2000-3 of other covenants made by them in the Indenture or the Fiscal Agent Agreements.

TAX MATTERS

Bond Counsel Opinion

In the opinion of Goodwin Procter LLP, Los Angeles, California, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings, and judicial decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and requirements, interest on the Bonds is excluded from gross income for United States federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is exempt from State of California personal income taxes. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the United States federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. A copy of the proposed form of opinion of Bond Counsel with respect to each of the Series A Bonds and the Series B Bonds is set forth in Appendix C attached hereto and will accompany the applicable series of Bonds..

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for United States federal income tax purposes of interest received by persons such as the Owners of the Bonds. The Authority has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to assure that interest on the Bonds will not be included in gross income for United States federal income tax purposes. Inaccuracy of these representations or failure to comply with those covenants may result in interest on the Bonds being included in gross income for United States federal income tax purposes, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of those representations and compliance with those covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for United States federal and State personal income tax purposes, a U.S. holder's United States federal and State tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of such other tax consequences will depend upon the U.S. holder's particular circumstances, including other items of income or deduction. Bond Counsel has expressed no opinion regarding any such other tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors concerning collateral tax consequences with respect to the Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the United States federal or State tax status of interest on the Bonds or the tax consequences of ownership of the Bonds. No assurance can be given that future legislation, including amendments to the Code or interpretations thereof, if enacted into law, will not contain provisions that could directly or indirectly reduce the benefit of the excludability of the interest on the Bonds from gross income for United States federal income tax purposes.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration recently announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The Obama Administration has also included a substantially identical proposal as part of its proposed fiscal year 2013 budget. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includable in the gross income of the Owners thereof for United States federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Authority as the taxpayer and the Owners of the Bonds may have no right to participate in such procedure.

Bond Counsel's opinion represents its legal judgment based upon its review of existing law, regulations, rulings, judicial decisions, and other authorities, and upon the covenants and representations of the parties and such other facts as it has deemed relevant to render such opinion, and is not a guarantee of a result. Bond Counsel is not obligated to defend the tax-exempt status of the Bonds. Neither the Authority nor Bond Counsel is responsible to pay or reimburse the costs of any Owner with respect to any audit or litigation relating to the Bonds.

Original Issue Discount and Premium

If the Bonds' "stated redemption price at maturity" (generally the sum of all payments required under the Bonds other than payments of stated interest payable at least annually over the term of such Bonds) exceeds their issue price by more than a de minimis amount, the difference constitutes "original issue discount" or "OID" the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the Bonds that is excluded from gross income for United States federal income tax purposes. OID with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). Any accruing OID is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. U.S. holders of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount.

In general, if the Bonds are issued for an amount greater than the stated principal amount of the Bonds, the Bonds will be considered to have "amortizable bond premium." No deduction is allowable for the amortizable bond premium in the case of bonds, like the Bonds, the interest on which is excluded from gross income for United States federal income tax purposes. However, the amount of tax-exempt interest received, and a U.S. holder's basis in a Bond issued with acquisition premium, would be reduced by the amount of amortizable bond premium properly allocable to such U.S. holder. U.S. holders of Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor, with a Form W-9 "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an Owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the Owner's federal income tax once the required information is furnished to the Internal Revenue Service.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, as Underwriter. The Underwriter has agreed to purchase the Series A Bonds at a price of \$20,150,356.46 (which represents the aggregate principal amount of the Series A Bonds, less an Underwriter's discount of \$151,431.39, plus a net original issue premium of \$796,787.85). The Underwriter has agreed to purchase the Series B Bonds at a price of \$8,712,056.64 (which represents the aggregate principal amount of the Series B Bonds, less an Underwriter's discount of \$111,124.86, less a net original issue discount of \$236,818.50). The contract of purchase pursuant to which the Bonds are being purchased by the Underwriter provides that the Underwriter will purchase all of the Bonds if any are purchased. Simultaneously with the purchase of the Bonds by the Underwriter, the Authority has agreed to purchase the AD Bonds from the City, the CFD No. 1 Bonds from CFD No. 1, and the CFD No. 2000-3 Bonds from CFD No. 2000-3. The Underwriter's obligation to purchase the Bonds is contingent upon the Authority's purchase of the Acquired Obligations, the approval of certain legal matters by counsel, and certain other conditions.

RATING OF SERIES A BONDS

Standard & Poor's Credit Markets Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), has assigned a rating of "A-" to the Series A Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same at the following address: Standard & Poor's Credit Markets Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series A Bonds.

No application has been made for any rating on the Series B Bonds.

CONTINUING DISCLOSURE

The Authority will covenant in a Continuing Disclosure Agreement to provide certain financial information and operating data relating to the City, the Authority, and the Districts and notices of certain events listed therein. The specific nature of the information to be provided, the applicable deadlines for filing such information, and the entities to which such information must be provided will be set forth in the Continuing Disclosure Agreement, a form of which is attached hereto as Appendix D. This covenant is being made by the Authority in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12, as amended. The Authority has never failed to provide any previous continuing disclosure or notices of material events. See "APPENDIX D –Form of Continuing Disclosure Agreement."

NO LITIGATION

The City, CFD No. 1, CFD No. 2000-3, and the Authority will certify, and the City Attorney will render separate opinions on behalf of the City, CFD No. 1, CFD No. 2000-3, and the Authority upon the issuance of the Bonds to the effect that, there is no action, suit, or proceeding known to the City, CFD No. 1, CFD No. 2000-3, or the Authority, as applicable, to be pending or threatened, restraining or enjoining the execution or delivery of the Bonds, the Acquired Obligations, the Indenture, or the Fiscal Agent Agreements, as applicable, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City, CFD No. 1, CFD No. 2000-3, or the Authority taken with respect to any of the foregoing, as applicable.

CERTAIN LEGAL MATTERS

Goodwin Procter LLP, Los Angeles, California, Bond Counsel, will render opinions with respect to the Series A Bonds and the Series B Bonds in substantially the forms set forth in Appendix C attached hereto. Copies of such opinions will be furnished to the Underwriter and the Authority at the time of delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by Fulbright & Jaworski L.L.P., Los Angeles, California, and for the City, the Authority, and the Districts by the City Attorney and by Goodwin Procter LLP, Los Angeles, California, serving as Bond Counsel or as Disclosure Counsel.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Authority and the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

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

VERIFICATION

Causey, Demgen & Moore Inc., Denver, Colorado, a firm of independent certified public accountants, will verify the accuracy of the mathematical computations of the adequacy of the amounts held under the CFD No. 1 Escrow Agreement by the Escrow Holder and held under the CFD No. 2000-3 Escrow Agreement by the Escrow Holder, together with other available funds held by the Escrow Holder, without reinvestment, to provide for the refunding and defeasance of the Refunded 2002 CFD No. 1 Bonds and the Refunded 2003 CFD No. 2000-3 Bonds, as applicable.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds and other documents contained herein do not purport to be complete and reference is made to said documents for full and complete statements of their provisions.

Appropriate City, CFD No. 1, CFD No. 2000-3, and Authority officials, acting in their official capacities, have reviewed this Official Statement and have determined that as of the date thereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. The appropriate City, CFD No. 1, CFD No. 2000-3, and Authority officials will execute certificates to this effect upon delivery of the Bonds. This Official Statement and its distribution have been duly authorized and approved by the City, CFD No. 1, CFD No. 2000-3, and the Authority.

CITY OF OXNARD FINANCING AUTHORITY

By: /s/ James Cameron
Controller

APPENDIX A

INFORMATION REGARDING THE CITY OF OXNARD

The Bonds do not constitute a general obligation debt of the City of Oxnard and the City has not pledged its full faith and credit 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 199,722 in 2011, 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.

Population

The City’s population has grown from approximately 160,300 people in 2000 to approximately 199,722 in 2011. The following table shows the approximate changes in population in the City, the County, the State, and the United States for the years 2000 through 2011.

**Population of
City, County, State, and U.S.
2000 through 2011 ⁽¹⁾**

| <u>Year</u> | <u>City</u> | <u>Percent Change</u> | <u>County</u> | <u>Percent Change</u> | <u>State (000)</u> | <u>Percent Change</u> | <u>United States (000)</u> | <u>Percent Change</u> |
|-------------|-------------|---------------------------|---------------|---------------------------|------------------------|---------------------------|------------------------------------|---------------------------|
| 2000 | 160,300 | -- | 756,902 | -- | 34,001 | -- | 282,172 | -- |
| 2001 | 177,700 | 10.85% | 768,991 | 1.60% | 34,513 | 1.51% | 285,082 | 1.03 |
| 2002 | 182,027 | 2.44 | 779,894 | 1.42 | 34,938 | 1.23 | 287,804 | 0.95 |
| 2003 | 181,800 | (0.12) | 789,367 | 1.21 | 35,389 | 1.29 | 290,326 | 0.88 |
| 2004 | 186,122 | 2.38 | 795,046 | 0.72 | 35,753 | 1.03 | 293,046 | 0.94 |
| 2005 | 188,941 | 1.51 | 796,867 | 0.23 | 35,986 | 0.65 | 295,753 | 0.92 |
| 2006 | 189,990 | 0.56 | 801,225 | 0.55 | 36,247 | 0.73 | 298,593 | 0.96 |
| 2007 | 192,997 | 1.58 | 805,911 | 0.58 | 36,553 | 0.84 | 301,580 | 1.00 |
| 2008 | 194,905 | 0.99 | 812,028 | 0.76 | 36,856 | 0.83 | 304,375 | 0.92 |
| 2009 | 197,067 | 1.10 | 818,546 | 0.80 | 37,077 | 0.60 | 307,007 | 0.86 |
| 2010 | 200,004 | 1.50 | 825,378 | 0.83 | 37,318 | 0.65 | 309,330 | 0.76 |
| 2011 | 199,722 | (0.14) | 830,215 | 0.60 | 37,579 | 0.70 | 311,591 | 0.73 |

(1) Unless otherwise noted, estimates for City are as of January 1, and estimates for the County, the State, and the U.S. are as of July 1.
Sources: For City: City’s Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2011; for State and County: California Department of Finance (Report E-2: Table 2 (California County Population Estimates and Percent Change Revised July 1, 2010 through Preliminary July 1, 2011) and Table 12 (California County Population Estimates and Percent Change Revised June 1, 2000 through Provisional July 1, 2010); for U.S.: 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 XIII A to the California Constitution. Article XIII A 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 2002 through 2011

| <u>Fiscal Year Ended June 30</u> | <u>Article XIII A Basic Tax Rate</u> | <u>City District (Public Safety Retirement Debt)</u> | <u>School Districts</u> | <u>Water Districts</u> | <u>Total Tax Rates</u> |
|--------------------------------------|----------------------------------------------|--------------------------------------------------------------|-----------------------------|----------------------------|----------------------------|
| 2002 | 1.00% | 0.20417% | 0.10420% | 0.05690% | 1.36527% |
| 2003 | 1.00 | 0.21447 | 0.10790 | 0.05120 | 1.37357 |
| 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 |

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2011.

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 2002 through 2011

| 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 |
|-------------------------------|---------------------------|------------------------------------|--------------------------------------|---------------------------------------|----------------------------------|------------------------------------------------------------------|
| 2002 | \$25,900,000 | \$25,718,029 | 99.30% | \$284,711 | \$26,002,740 | 100.40% |
| 2003 | 30,040,000 | 29,892,747 | 99.51 | 190,546 | 30,083,293 | 100.14 |
| 2004 | 35,432,169 | 35,281,916 | 99.58 | 344,390 | 35,626,306 | 100.55 |
| 2005 | 44,743,658 | 49,223,170 | 110.01 | 126,250 | 49,349,420 | 110.29 |
| 2006 | 54,511,910 | 58,537,770 | 107.39 | 132,403 | 58,670,173 | 107.63 |
| 2007 | 59,401,879 | 68,429,117 | 115.20 | 129,679 | 68,558,796 | 115.42 |
| 2008 | 69,931,705 | 75,726,668 | 108.29 | 121,075 | 75,847,743 | 108.46 |
| 2009 | 69,147,624 | 76,681,392 | 110.90 | 145,945 | 76,827,337 | 111.11 |
| 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 |

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2011.

Assessed Property Values

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

City of Oxnard
Assessed Values and Estimated Value of Taxable Property
Fiscal Years 2002 through 2011

| Year Ended June 30 | Assessed Value of Land | Assessed Value of Improvements | Assessed Value of Personal Property | Less: Tax Exempt Real Property | Estimated Total Assessed Value of Taxable Property |
|-------------------------------|-----------------------------------|-------------------------------------------|------------------------------------------------|-----------------------------------------------|-------------------------------------------------------------------|
| 2002 | \$2,900,656,137 | \$5,131,100,929 | \$431,425,298 | \$ 905,863,935 | \$ 7,557,318,429 |
| 2003 | 3,189,299,331 | 5,584,524,376 | 444,095,624 | 1,110,078,014 | 8,107,841,317 |
| 2004 | 3,613,674,889 | 6,152,956,699 | 580,195,155 | 1,346,099,223 | 9,000,727,520 |
| 2005 | 4,320,681,588 | 6,818,196,522 | 484,878,479 | 1,537,114,090 | 10,086,642,499 |
| 2006 | 5,266,423,145 | 7,510,814,807 | 564,046,351 | 1,835,609,239 | 11,505,675,064 |
| 2007 | 6,122,287,297 | 8,427,981,083 | 598,530,800 | 2,126,175,049 | 13,022,624,131 |
| 2008 | 7,043,458,754 | 8,801,081,711 | 608,929,391 | 2,299,830,016 | 14,153,639,840 |
| 2009 | 7,364,501,802 | 8,753,745,455 | 637,023,113 | 2,692,759,267 | 14,062,511,103 |
| 2010 | 6,699,090,916 | 8,441,834,476 | 648,608,797 | 654,220,264 | 15,135,313,925 |
| 2011 | 6,524,818,244 | 8,540,793,743 | 618,870,116 | 654,216,502 | 15,090,265,601 |

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2011.

Principal Taxable Property Owners

The following table lists the principal taxable property owners in the City as of June 30, 2011.

City of Oxnard Principal Property Taxpayers

| <u>Property Owner</u> | <u>Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation</u> |
|---------------------------------|---------------------------|-------------------------------------------------------|
| Procter & Gamble Paper Products | \$ 266,561,813 | 1.76% |
| SOCMI LLC | 88,715,141 | 0.58 |
| Haas Automation Inc. | 78,230,500 | 0.52 |
| Essex Arbors LP | 77,354,636 | 0.51 |
| RRI Energy Mandalay Inc. | 74,418,584 | 0.49 |
| Essex Tierra Vista LP | 72,312,800 | 0.48 |
| GS Paz Mar LP | 68,962,228 | 0.44 |
| MEF Realty LLC | 67,257,103 | 0.44 |
| Capri of KW Serenade LLC | 66,869,817 | 0.44 |
| Duesenberg Investment Company | 66,402,857 | 0.44 |
| Other Taxpayers | <u>14,247,795,565</u> | <u>93.90</u> |
| Totals | \$15,174,881,044 | 100.00% |

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2011.

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:

City of Oxnard Outstanding Debt 2002 through 2011

| <u>Fiscal Year</u> | <u>Governmental Activities</u> | | | | <u>Business-Type Activities</u> | | <u>Total Outstanding Debt</u> |
|------------------------|--------------------------------|------------------------------------------|-------------------------------------|---------------------------|---------------------------------|---------------------------|---------------------------------------|
| | <u>Revenue Bonds</u> | <u>Certificates of Participation</u> | <u>Tax Allocation Bonds</u> | <u>Capital Leases</u> | <u>Revenue Bonds</u> | <u>Capital Leases</u> | |
| 2002 | \$9,080,000 | \$8,440,000 | \$14,475,000 | \$ 604,201 | \$88,945,000 | \$1,215,752 | \$122,759,953 |
| 2003 | 9,535,000 | 8,245,000 | 13,850,000 | 307,187 | 84,030,000 | 2,824,171 | 118,791,358 |
| 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 |

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2011.

Measure O Sales Tax

On November 4, 2008, the voters in the City approved Measure O, which imposed a one-half cent sales tax increase to be used to expand services within the City (the "Measure O Sales Tax"). Sales tax revenues currently comprise approximately 23% of the City's annual General Fund revenues, 33% of which is comprised of Measure O Sales Taxes. The City began collecting the Measure O Sales Tax in April 2009. In Fiscal Year 2010-11, approximately \$11,161,453 in Measure O Sales Taxes were collected, and approximately \$4,794,492 of such Measure O Sales Taxes were expended for various authorized City purposes, including parks and open spaces, traffic and road improvements, public safety and gang prevention/intervention, and recreation and youth programs.

Taxable Retail Sales

Consumer spending in calendar year 2010 resulted in \$1,944,728,000 in taxable sales in the City, which is approximately 4.8% higher than calendar year 2009. The following table provides a summary of taxable sales in the City for calendar years 2006 through 2010.

| City of Oxnard Taxable Retail Sales by Type of Business 2006 – 2010 (000s) | | | | | |
|-----------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
| Retail Outlets | 1,893,276 | 1,809,324 | 1,648,461 | \$1,436,959 | \$1,507,987 |
| All Other Outlets | <u>496,311</u> | <u>507,784</u> | <u>517,015</u> | <u>419,475</u> | <u>436,741</u> |
| Total All Outlets | \$2,389,587 | \$2,317,108 | \$2,165,477 | \$1,856,434 | \$1,944,728 |

Source: California State Board of Equalization.

Employment

The following tables present the available labor force data and unemployment rates for five years for the City and the County.

| City and County Labor Force and Unemployment Figures (2007 through 2011) | | | | |
|-----------------------------------------------------------------------------------------------------|--------------------|--------------------------|--------------------|--------------------------|
| | City | | County | |
| <u>Year</u> | <u>Labor Force</u> | <u>Unemployment Rate</u> | <u>Labor Force</u> | <u>Unemployment Rate</u> |
| 2007 | 87,300 | 6.7% | 423,700 | 4.9% |
| 2008 | 88,900 | 8.6 | 429,400 | 6.3 |
| 2009 | 90,400 | 13.3 | 430,300 | 9.8 |
| 2010 | 91,700 | 14.6 | 434,800 | 10.8 |
| 2011 | 91,900 | 13.6 | 437,000 | 10.1 |

Source: State of California, Employment Development Department. These data may differ from amounts reflected in the City's Comprehensive Annual Financial Report for the applicable Fiscal Year, which amounts are reported as an average rate on a fiscal year basis.

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 daily pass through 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 importing foreign automobiles. Automobile imports increased by 12.7% in 1997, making the Port one of the top 10 entry points in the United States for foreign automobiles. 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 air field. The Oxnard Airport handles passenger as well as cargo services. Local bus service is provided by South Coast Area Transit System (SCAT), 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.

City's Investment Policy

The following is a summary of the City's investment policy (the "Investment Policy") applicable to certain of the City's funds and accounts, as described below, in effect as of the date of this Official Statement. Reference is made to the entire Investment Policy, including the appendices and attachments thereto, which is available upon request from the City.

Introduction. The following statement of the City's Investment Policy is intended to provide guidelines for the prudent investment of surplus funds of the City, and to outline the policies for maximizing the efficiency of the City's cash management system. It is the policy of the City 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 entity and conforming to all state and local statutes governing the investment of public funds.

Scope. This investment policy applies to the City's pooled investment fund, which encompasses all moneys under the direct oversight of the City Treasurer. These include the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Trust and Agency Funds, and Internal Service Funds. This policy is generally applicable to bond proceeds with consideration given to specific provisions of each issuance. Reports of the investment of bond proceeds are issued monthly by the Trustee and are not included in the City Treasurer's monthly report of the pooled investment fund. The employee's retirement and deferred compensation funds are not included.

Prudence. Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Objectives. The City's cash management system is designed to accurately monitor and forecast revenues and expenditures thus enabling the City Treasurer to invest funds to the fullest extent possible. The City Treasurer maintains a diversified portfolio to accomplish the primary objectives of safety, liquidity, and yield (in that order of priority).

Safety. The safety/risk associated with an investment refers to the potential loss of principal, accrued interest, or a combination of these. The City seeks to mitigate credit risk by prequalifying and continual monitoring of financial institutions with which it will do business, and by careful scrutiny of the credit worthiness of the investment instruments as well as the institutions. Such resources as the Sheshunoff Performance Report, Moody's, and Standard & Poor's may be utilized for this review. The City seeks to mitigate rate risk through diversification of instruments as well as maturities.

Liquidity. The portfolio will be structured with sufficient liquidity to allow the City to meet anticipated cash requirements. This will be accomplished through diversity of instruments to include those with active secondary markets, those that match maturities to expected cash needs, and the State Local Agency Investment Fund with immediate withdrawal provision.

Yield. A competitive market rate of return is the third objective of the investment program after the fundamental requirements of safety and liquidity have been met.

Delegation of Authority. California Government Code Section 53607 provides the authority for the legislative body of the local agency to invest the funds of the local agency or to delegate that authority to the treasurer of the local agency. Effective January 1, 1997, such delegation is to be reviewed each year and may be renewed by the City Council.

City Council. Under City of Oxnard Resolution No. 10455, the City Council has authorized the City Treasurer to invest City funds in accordance with California Government Code Section 53600, *et. seq.* The City Treasurer will include review of the delegation of authority in the annual presentation of the Investment Policy to the City Council.

City Treasurer. The execution of investment transactions on a daily basis will be conducted by the City Treasurer. The Assistant City Treasurer will execute transactions, only as directed by the City Treasurer, in the absence of the City Treasurer. The City Treasurer has established a system of controls and a segregation of responsibilities of investment functions to assure maintenance of internal control over the investment function.

Amendment of Investment Policy. The City Treasurer retains the authority to amend the Investment Policy and related guidelines and procedures at any time in order to carry out the duties as chief investment officer for the City of Oxnard. Notice of any such required amendment will be given to the Investment Review Committee and the City Council.

Ethics and Conflicts of Interest. The City Treasurer shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair the ability to make impartial investment decisions. The City Treasurer is governed by The Political Reform Act of 1974 regarding disclosure of material financial interests.

Authorized Financial Dealers and Institutions. The City Treasurer shall transact business only with banks, savings and loans, and securities dealers.

Authorization. The City may conduct business with major registered broker/dealers and with dealers designated Primary by the Federal Reserve provided all the following criteria are met. Broker/Dealers must: (1) have offices located in the State, (2) be adequately capitalized, (3) make markets in securities appropriate to the City's needs, and (4) agree to abide by the conditions set forth in the City's Investment Policy. The City Treasurer shall investigate all institutions which wish to do business with the City and shall require that each financial institution complete and return the appropriate questionnaire and

required documentation. An annual review of the financial condition and registrations of qualified bidders will be conducted by the City Treasurer.

Rating. With the exception of the LAIF and U.S. Treasury and Government Agency issues, investments shall be placed only in those instruments and institutions rated favorably as determined by the City Treasurer with the assistance of bank rating services and nationally recognized rating services (*i.e.*, Moody's or Standard & Poor's).

Authorized and Suitable Investments. California Government Code Section 53601 defines eligible securities for the investment of surplus funds by local agencies. Surplus funds of the City of Oxnard are invested in compliance with this statute and as further limited in the Investment Policy.

U.S. Government. United States Treasury Bills, Notes, and Bonds are backed by the full faith and credit of the United States Government. There shall be no limitation as to the percentage of the portfolio invested in this category. Maturities are limited to a maximum of five years.

U.S. Agencies. The purchase of instruments of, or issued by, a federal agency or a United States government-sponsored enterprise will be limited to a maximum maturity of five years. Such agencies include, but are not limited to, the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Tennessee Valley Authority, and the Federal National Mortgage Corporation.

Other Bonds, Notes, or Evidences of Indebtedness. Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

- Registered state warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.

- Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

A maximum of 15% of the portfolio may be so invested with the approval of the Investment Review Committee.

Bankers' Acceptances. Bills of exchange or time drafts drawn on and accepted by commercial banks that are eligible for purchase by the Federal Reserve System are known as bankers' acceptances. Purchases of these instruments may not exceed 180 days to maturity or 40% of an agency's surplus funds. A maximum of 30% may be invested in the bankers' acceptances of any one commercial bank.

Commercial Paper. This short-term unsecured promissory note is issued to finance short-term credit needs. Eligible paper is that which is ranked "P1" by Moody's or "A1" by Standard & Poor's, issued by a domestic corporation having assets in excess of \$500,000,000, and having an "A" or better rating on issuer's debt. Purchases of commercial paper may not exceed 270 days or represent more than 10% of the outstanding paper of an issuing corporation. Commercial paper purchases will be limited to 15% of the City's portfolio.

Negotiable Certificates of Deposit ("NCDs"). Allowable NCDs are issued by a nationally or state-chartered bank or a state or federal association or by a state-licensed branch of a foreign bank. The City Treasurer may invest up to 30% of surplus funds in NCDs limited to institutions rated "Aa" or better by Moody's or "AA-" or better by Standard & Poor's. A rating equivalent to Sheshunoff performance rating of "A" or better is required for those institutions not rated by Moody's or Standard & Poor's. NCDs are considered liquid, trading actively in the secondary market.

Certificates of Deposit (“CDs”). CDs or “time deposits” of up to \$100,000 are federally insured. Beyond that amount, these CDs must be collateralized with the collateral held separately from the issuing institution. The value of the investment must have collateral of at least 110% if government securities, or collateral of at least 150% if mortgage-backed securities. Statute does not limit CDs, however, the Investment Policy shall limit such investments to a maximum of 40% of the portfolio and to a maximum of 15% deposited in any one institution. In addition, time deposits shall be placed in institutions meeting all capital requirements and which maintain a rating equivalent to Sheshunoff performance rating of “A” or better.

Repurchase Agreements. The City may invest in repurchase agreements with banks and dealers of primary dealer status recognized by the Federal Reserve with which the City has entered into a master repurchase contract which specifies terms and conditions of repurchase agreements. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored by the City Treasurer’s office and will not be allowed to fall below 102% of the value of the repurchase agreement. In order to conform with provisions of the Federal Bankruptcy Code, which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be eligible negotiable certificates of deposit, bankers’ acceptances, commercial paper, or securities that are direct obligations of or that are fully guaranteed by the United States or any agency of the United States. These eligible securities are further defined by California Government Code Section 53651.

Medium Term Notes. A maximum of 30% of the City’s portfolio may be invested in medium-term notes issued by corporations organized and operating within the United States. Note maturities may not exceed five years. Securities eligible for investment must be rated in a rating category of “A” or its equivalent or better by a nationally recognized rating service (*i.e.*, Moody’s or Standard & Poor’s).

Mutual Funds. Shares of beneficial interest (mutual funds) issued by diversified management companies investing in securities/obligations authorized by California Government Code Section 53600, *et seq.*, and complying with California Government Code Section 53630, are permitted investments. California Government Code Section 53601(k) further defines requirements. A maximum of 15% of the portfolio may be so invested.

LAIF. LAIF (the Local Agency Investment Fund) has been established by the State Treasurer for the benefit of local agencies. The City may invest up to the maximum permitted by the LAIF.

Ineligible Investments. Investments not described in the Investment Policy, including but not limited to common stocks and financial futures contracts and options, are prohibited in this fund.

Short Term Loans. With the approval of the City Council and concurrence of the City Treasurer, funds may be invested in short term loans to provide specific funding to City programs.

Collateral. The issue of collateral requirements is addressed in California Government Code Section 53652. All active and inactive deposits must be secured at all times with eligible securities in securities pools pursuant to California Government Code Sections 53656 and 53657. Eligible securities held as collateral shall have a market value in excess of the total amount of all deposits of a depository as follows:

- government securities, at least 10% in excess.
- mortgage backed securities, at least 50% in excess.
- letters of credit, at least 5% in excess.

Safekeeping and Custody. Security transactions entered into by the City shall be conducted on a delivery-versus-payment basis. Securities of duration exceeding 30 days to maturity shall be held by a third party custodian designated by the City Treasurer. Evidence of account for each time deposit will be held in the Treasury vault.

Diversification. The City’s portfolio will be suitably diversified by type and institution in an effort to reduce portfolio risk while attaining market average rates.

Security Type and Institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total portfolio will be invested in a single security type and no more than 15% with a single financial institution. Investments are further limited by specific language relating to each investment type as stated in the Investment Policy.

Maximum Maturities. To the extent possible, the City Treasurer will attempt to match investments with anticipated cash flow requirements. The City's portfolio will not be directly invested in securities that mature more than five years from the date of purchase. Reserve funds may be invested in securities exceeding the five years (maturity of such investments should coincide as nearly as practicable with expected use of funds).

Internal Controls. A system of internal controls will be maintained to assure compliance with federal and State regulations, City Council direction, and prudent cash management procedures.

Investment Review Committee. The City Manager, Chief Financial Officer, and City Treasurer are the members of the Investment Review Committee tasked with quarterly review of procedures and adherence to the Investment Policy.

Investment Portfolio Guidelines. Guidelines have been established for procedures within the City Treasurer's Office to assure internal investment controls and a segregation of responsibilities of investment functions.

Annual Audit. The City's portfolio is included in the annual review of the City's financial management performed by an independent (as defined by the Financial Accounting Standards Board) outside audit firm.

Performance Standards. The investment portfolio will be designed to obtain a market-average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs. The market-average rate of return is defined as the average return on three-month Treasury bills. In addition, the City portfolio will be compared with LAIF and expected to maintain an annual yield within 0.50 (1/2 of 1%) basis points of LAIF's annual yield.

Reporting. The City Treasurer shall provide investment information to City Council.

Periodic Reports. The City Treasurer will provide detailed reports of the investments in the pooled investment fund portfolio on a monthly basis to the City Council, City Manager, and Chief Financial Officer. Within 30 days of the end of each quarter, these reports will be provided with additional information such as market pricing. Summarized reports from Trustees regarding investments of bond proceeds, deferred compensation, and retirement funds are available for review.

Annual Report. The Investment Policy will be presented annually, following the close of the fiscal year, to the City Council for approval. A detailed report of the current status of the portfolio will be included in this presentation.

Financial Statements per GASB 31. City Treasurer will provide the portfolio's market value gains/losses to Finance to be incorporated in the fiscal year-end balance sheet.

California Debt and Investment Advisory Commission. Effective January 1, 2001, investment reports issued to City Council will also be distributed semi-annually to the California Debt and Investment Advisory Commission.

Financial Statements per GASB 40. Effective June 30, 2005, additional disclosure is required. City Treasurer will provide detailed maturity and rating information to Finance to be incorporated in the Comprehensive Annual Financial Report.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the principal legal documents relating to the issuance of the Bonds and the Acquired Obligations, including the Indenture and the Fiscal Agent Agreements. This summary does not purport to be complete and is qualified in its entirety by reference to said documents.

SELECTED DEFINITIONS

“AD Bonds Prepayment Account” means the Prepayment Account of the Redemption Fund established under the AD Bonds Fiscal Agent Agreement to be held by the Fiscal Agent.

“AD Bonds Rebate Fund” means the Rebate Fund established under the AD Bonds Fiscal Agent Agreement to be held by the Fiscal Agent.

“AD Bonds Redemption Fund” means the Redemption Fund established under the AD Bonds Fiscal Agent Agreement to be held by the Fiscal Agent.

“AD Bonds Resolution of Issuance” means Resolution No. 14,260, adopted by the City Council on July 17, 2012, authorizing the issuance of the AD Bonds, and approving, among other things, the terms and provisions of the AD Bonds Fiscal Agent Agreement.

“Authorized Representative” means: (a) with respect to the Authority, its Chairman, Vice Chairman, Controller, Assistant Controller, Executive Director or Secretary, or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chairman, Executive Director, or Controller and filed with the City and the Trustee; (b) with respect to the City, CFD No. 1, and CFD No. 2000-3, the City Manager, the Assistant City Manager, the Chief Financial Officer, the Financial Services Manager, or any other person designated as an Authorized Representative of the City, CFD No. 1, or CFD No. 2000-3 by a Written Certificate signed on behalf of the City, CFD No. 1, or CFD No. 2000-3 by the City Manager, the Assistant City Manager, the Chief Financial Officer, or the Financial Services Manager and filed with the Authority and the Trustee; (c) with respect to the Trustee, the Senior Vice President, any Vice President, any Assistant Vice President or any Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform such act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

“Average Annual Debt Service” means the average annual debt service on the Series A Bonds or the Series B Bonds, as the case may be, based upon a Bond Year during the term of such Bonds.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as amended from time to time.

“Bond Year” means, with respect to the Bonds or the Acquired Obligations, the period beginning on the Closing Date and ending on September 2, 2012, and each successive 12-month period thereafter until there are no longer any Bonds Outstanding.

“Business Day” means a day that is not a Saturday, Sunday, or legal holiday on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are closed, or a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

“CFD No. 1 Bonds Administrative Expense Fund” means the Administrative Expense Fund created under the CFD No. 1 Bonds Fiscal Agent Agreement to be held by the CFD No. 1 Bonds Fiscal Agent.

“CFD No. 1 Bonds Administrative Expenses” is defined in the CFD No. 1 Bonds Fiscal Agent Agreement as “Administrative Expenses,” which means the ordinary and necessary costs of administering the levy and collection of the CFD No. 1 Special Taxes and all other administrative costs and incidental expenses related to the CFD No. 1 Bonds or the CFD No. 1 Special Taxes, including, but not limited to, annual audit fees, Fiscal Agent fees, Escrow Holder fees, fees incurred in connection with the calculation of arbitrage rebate due to the federal

government, costs of compliance with disclosure obligations of CFD No. 1, and other costs permitted by the Mello-Roos Act.

“CFD No. 1 Bond Service Fund” means the Bond Service Fund established under the CFD No. 1 Bonds Fiscal Agent Agreement to be held by the Fiscal Agent.

“CFD No. 1 Bonds Rebate Fund” means the Rebate Fund established under the CFD No. 1 Bonds Fiscal Agent Agreement to be held by the Fiscal Agent.

“CFD No. 1 Gross Taxes” mean (i) all CFD No. 1 Special Taxes and (ii) all proceeds from the sale of property collected pursuant to the foreclosure provisions of the Mello-Roos Act and the CFD No. 1 Bonds Fiscal Agent Agreement for the delinquency of such CFD No. 1 Special Taxes.

“CFD No. 1 Net Taxes” mean the amount of all CFD No. 1 Gross Taxes minus CFD No. 1 Bonds Administrative Expenses.

“CFD No. 1 Special Tax Fund” means the Special Tax Fund established under the CFD No. 1 Bonds Fiscal Agent Agreement to be held by the Fiscal Agent.

“CFD No. 2000-3 Bonds Administrative Expense Fund” means the Administrative Expense Fund created under the CFD No. 2000-3 Bonds Fiscal Agent Agreement to be held by the Fiscal Agent.

“CFD No. 2000-3 Bonds Administrative Expenses” is defined in the CFD No. 2000-3 Bonds Fiscal Agent Agreement as “Administrative Expenses,” which means the ordinary and necessary costs of administering the levy and collection of the CFD No. 2000-3 Special Taxes and all other administrative costs and incidental expenses related to the CFD No. 2000-3 Bonds or the CFD No. 2000-3 Special Taxes, including, but not limited to, annual audit fees, Fiscal Agent fees, Escrow Holder fees, fees incurred in connection with the calculation of arbitrage rebate due to the federal government, costs of compliance with disclosure obligations of CFD No. 2000-3, and other costs permitted by the Mello-Roos Act.

“CFD No. 2000-3 Bond Service Fund” means the Bond Service Fund established under the CFD No. 2000-3 Bonds Fiscal Agent Agreement to be held by the Fiscal Agent.

“CFD No. 2000-3 Bonds Rebate Fund” means the Rebate Fund established under the CFD No. 2000-3 Bonds Fiscal Agent Agreement to be held by the Fiscal Agent.

“CFD No. 2000-3 Gross Taxes” mean (i) all CFD No. 2000-3 Special Taxes and (ii) all proceeds from the sale of property collected pursuant to the foreclosure provisions of the Mello-Roos Act and the CFD No. 2000-3 Bonds Fiscal Agent Agreement for the delinquency of such CFD No. 2000-3 Special Taxes.

“CFD No. 2000-3 Special Tax Fund” means the Special Tax Fund established under the CFD No. 2000-3 Bonds Fiscal Agent Agreement to be held by the Fiscal Agent.

“Closing Date” means the date on which the Bonds are delivered to the Original Purchaser, being the Date of Delivery or, as to the Acquired Obligations, the date such Acquired Obligations are delivered to the Authority.

“Date of Delivery” means the date the Bonds are delivered to the Original Purchaser.

“Depository” or “Securities Depository” means The Depository Trust Company, 55 Water Street, 22nd Floor, New York, New York 10041-0099, Attention: Call Notification Department; Facsimile transmission: (212) 855-7232, or, in accordance with the then current guidelines of the Securities and Exchange Commission, such other depositories, or no such depositories, as the Authority may indicate in a certificate of the Authority to the Trustee.

“Event of Bankruptcy” means, with respect to any person, the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against such person as debtor, other than any involuntary proceeding which has been finally dismissed without entry of an order for relief or similar order as to which all appeal periods have expired.

“Event of Default” means any of the events specified in the Indenture as an Event of Default.

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) direct general obligations of (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 payment of principal of and interest on which are directly or indirectly unconditionally guaranteed by, the United States of America; and

(b) direct obligations of any department, agency or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other 12-month period selected and designated as the official Fiscal Year period of the Authority and certified to the Trustee in writing by an Authorized Representative of the Authority.

“Independent Certified Public Accountant” means a nationally recognized certified public accountant or nationally recognized firm of certified public accountants appointed by the Authority, and who, or each of whom:

- (a) is judged by the Authority to have extensive experience with respect to the preparation of financial statements;
- (b) is in fact independent and not under the domination of the Authority, the City, CFD No. 1, or CFD No. 2000-3;
- (c) does not have any substantial interest, direct or indirect, with the Authority, the City, CFD No. 1, or CFD No. 2000-3; and
- (d) is not connected with the Authority, the City, CFD No. 1, or CFD No. 2000-3 as an officer or employee thereof, but who may be regularly retained by either the Authority, the City, CFD No. 1, or CFD No. 2000-3 to make reports to such client.

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest annual debt service for the Series A Bonds or the Series B Bonds, as the case may be, during the current or any future Bond Year.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns.

“Office” means the designated corporate trust office or agency of the Trustee in Los Angeles, California, or such other offices as may be specified to the Authority by the Trustee in writing and the principal corporate trust office of any successor trustee.

“Officer’s Certificate” means a written certificate or requisition of the City signed by an authorized officer of the City.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, as original purchaser of the Bonds.

“Outstanding”, when used as of any particular time with reference to Bonds, the AD Bonds, the CFD No. 1 Bonds, or the CFD No. 2000-3 Bonds, means (subject to the provisions of the Indenture, the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, or the CFD No. 2000-3 Bonds Fiscal Agent Agreement, as applicable) all Bonds, AD Bonds, CFD No. 1 Bonds, or CFD No. 2000-3 Bonds, as applicable, theretofore, or thereupon being authenticated and delivered by the Trustee or the Fiscal Agent under the Indenture, the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, or the CFD No. 2000-3 Bonds Fiscal Agent Agreement, as applicable, except (a) Bonds, AD Bonds, CFD No. 1 Bonds, or CFD No. 2000-3 Bonds, as applicable, theretofore canceled by the Trustee or the Fiscal Agent, as applicable, or surrendered to the Trustee or the Fiscal Agent, as applicable, for cancellation; (b) Bonds, AD Bonds, CFD No. 1 Bonds, or CFD No. 2000-3 Bonds, as applicable, with respect to which all liability of the Authority, the City, CFD No. 1, or CFD No. 2000-3, as applicable, shall have been discharged in accordance with the Indenture, the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, or the CFD No. 2000-3 Bonds Fiscal Agent Agreement, as applicable; and (c) Bonds, AD Bonds, CFD No. 1 Bonds, or CFD No. 2000-3 Bonds, as applicable, for the transfer or exchange of or in lieu of or in substitution for which other bonds shall have been authenticated and delivered by

the Trustee or the Fiscal Agent, as applicable, pursuant to the Indenture, the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, or the CFD No. 2000-3 Bonds Fiscal Agent Agreement, as applicable.

“Owner” or “Bond Owner” means the person in whose name the ownership of such bond is registered on the Registration Books. As of the Closing Date, the Authority shall be the sole Owner of the AD Bonds, the CFD No. 1 Bonds, or the CFD No. 2000-3 Bonds, as applicable.

“Permitted Investments” means (i) for the Bonds, the investments designated as “Permitted Investments” under the Indenture, (ii) for the AD Bonds, the investments designated as “Permitted Investments” under the AD Bonds Fiscal Agent Agreement, (iii) for the CFD No. 1 Bonds, the investments designated as “Authorized Investments” under the CFD No. 1 Bonds Fiscal Agent Agreement, and (iv) for the CFD No. 2000-3 Bonds, the investments designated as “Authorized Investments” under the CFD No. 2000-3 Bonds Fiscal Agent Agreement, all of which are described as follows:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America (“U.S. Government Securities”).

(2) Direct obligations (see footnote * below) of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

- (a) Export-Import Bank of the United States - Direct obligations and fully guaranteed certificates of beneficial interest
- (b) Federal Housing Administration - debentures
- (c) General Services Administration - participation certificates
- (d) Government National Mortgage Association (“GNMAs”) - guaranteed mortgage-backed securities and guaranteed participation certificates
- (e) Small Business Administration - guaranteed participation certificates and guaranteed pool certificates
- (f) U.S. Department of Housing and Urban Development - local authority bonds
- (g) U.S. Maritime Administration - guaranteed Title XI financings
- (h) Washington Metropolitan Area Transit Authority - guaranteed transit bonds

(3) Direct obligations* of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

- (a) Federal National Mortgage Association (“FNMA”) - senior debt obligations rated Aaa by Moody’s and AAA by S&P
- (b) Federal Home Loan Mortgage Corporation (“FHLMCs”) - participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P
- (c) Federal Home Loan Banks - consolidated debt obligations
- (d) Student Loan Marketing Association - debt obligations

* The following are explicitly excluded from the securities enumerated in clauses (1) and (2):

- (a) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
- (b) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
- (c) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
- (d) Collateralized Mortgage-Backed Obligations (“CMOs”).

(e) Resolution Funding Corporation - debt obligations

(4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision, or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P.

(5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody's and A-1 or better by S&P.

(6) Certificates of deposit, savings accounts, deposit accounts, or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation ("FDIC"), including the Bank Insurance Fund and the Savings Association Insurance Fund.

(7) Certificates of deposit, deposit accounts, federal funds, or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).

(8) Investments in money-market funds rated AAAm or AAAm-G by S&P. Such money market funds may include funds for which the Trustee or the Fiscal Agent, as applicable, or its affiliates or subsidiaries provide investment advisory or other management services.

(9) State-sponsored investment pools rated AA- or better by S&P.

(10) Repurchase agreements that meet the following criteria:

(a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.

(b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (ii) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.

(d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA, or FHLMC described in clauses 2(d), 3(a), and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA's, FNMA's, or FHLMC's. The repurchase agreement shall require (i) the Trustee or the Fiscal Agent, as applicable, or an independent third party acting solely as agent for the Trustee or the Fiscal Agent, as applicable (the "Agent"), to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) Business Days of such valuation.

(e) The repurchase securities shall be delivered free and clear of any lien to the Trustee or the Fiscal Agent, as applicable, or the Agent, and such Agent is (i) a Federal Reserve Bank or (ii) a

bank which is a member of the FDIC and which has combined capital, surplus, and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee or the Fiscal Agent, as applicable, shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee or the Fiscal Agent, as applicable.

(f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee or the Fiscal Agent, as applicable, and the Authority, the City, CFD No. 1, or CFD No. 2000-3, as applicable, and the Trustee or the Fiscal Agent, as applicable, shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

(g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.

(h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities:

- i. insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;
- ii. failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under clause 10(d) above; or
- iii. failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(11) Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:

- (a) A master agreement or specific written investment agreement governs the transaction.
- (b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.
- (c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured, and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in clause 11(f) below.
- (d) The investment agreement shall provide that, if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.
- (e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn, or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.

(f) The investment agreement shall provide for the delivery of collateral described in clause i or ii below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:

- i. U.S. Government Securities at 104% of principal plus accrued interest; or
- ii. Obligations of GNMA, FNMA, or FHLMC (described in clauses 2(d), 3(a), and 3(b) above) at 105% of principal and accrued interest.

(g) The investment agreement shall require the Trustee or the Fiscal Agent, as applicable, or the Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee or the Fiscal Agent, as applicable, to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

- i. the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal, or Reuters;
- ii. valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
- iii. the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

(h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account, and registered in the name of the Trustee or the Fiscal Agent, as applicable, or the Agent.

(i) The provider shall grant the Trustee or the Fiscal Agent, as applicable, or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under clause 11(f) above, the Trustee or the Fiscal Agent, as applicable, shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

(j) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee or the Fiscal Agent, as applicable, without condition, breakage fee, or other penalty, upon not more than two (2) Business Days notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:

- i. In the event of a deficiency in the debt service account;
- ii. Upon acceleration after an event of default;
- iii. Upon refunding of the Bonds, AD Bonds, or CFD Bonds, as applicable, in whole or in part;
- iv. Reduction of the Reserve Requirement for the Bonds; or
- v. If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee or the Fiscal Agent, as applicable, if the obligation of the Authority, the City, CFD No. 1, or CFD No. 2000-3, as applicable, to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds, the AD Bonds, or the CFD Bonds, as applicable, and, in the case of the Bonds, to make deposits to the Senior Reserve Fund or the Subordinate Reserve Fund.

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities, unless:

- i. Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times, or in the amounts described above;
- ii. Insolvency of the provider or the guarantor (if any) under the investment agreement;
- iii. Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
- iv. Failure by the provider to make a payment or observe any covenant under the agreement;
- v. The guaranty (if any) is terminated, repudiated, or challenged; or
- vi. Any representation of warranty furnished to the Trustee or the Fiscal Agent, as applicable, or the Authority, the City, CFD No. 1, or CFD No. 2000-3, as applicable, in connection with the agreement is false or misleading.

(l) The investment agreement must incorporate the following general criteria:

- i. "Cure periods" for payment default shall not exceed two (2) Business Days;
- ii. The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee or the Fiscal Agent, as applicable;
- iii. If the investment agreement is for the Reserve Fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate;
- iv. The provider shall be required to immediately notify the Fiscal Agent of any event of default or any suspension, withdrawal, or downgrade of the provider's ratings; and
- v. The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim.

(12) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

- (a) A specific written investment agreement governs the transaction.
- (b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the SIPC jurisdiction, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.
- (c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider

shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

(d) Permitted securities shall include the investments listed in clauses 1, 2, and 3 above.

(e) The forward delivery agreement shall include the following provisions:

i. The permitted securities must mature at least one (1) Business Day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

ii. The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

iii. Any breakage fees shall be payable only on Interest Payment Dates and shall be subordinated to the payment of debt service fund and Reserve Fund replenishments.

iv. The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency, or receivership of the provider, the securities will not be considered to be a part of the provider's estate.

(13) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the Authority, the City, CFD No. 1, or CFD No. 2000-3, as applicable, or the Trustee or the Fiscal Agent, as applicable, to put the securities back to the provider under a put, guaranty, or other hedging arrangement.

(14) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of the State of California or of any agency, instrumentality, or local governmental unit of the State of California which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on an irrevocable escrow account or fund, in the highest rating category of S&P and Moody's.

(15) Shares in any money market mutual fund registered under the Investment Company Act of 1940 whose investment portfolio consists solely of direct obligations of the United States Government, provided that any such fund has been rated in the highest category by a nationally recognized rating agency and, provided further, that such mutual funds may include funds for which the Trustee or the Fiscal Agent, as applicable, or its affiliates or subsidiaries provide investment advisory or other management services.

(16) The Local Agency Investment Fund ("LAIF").

(17) Maturity of investments shall be governed by the following:

(a) Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

(b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee or the Fiscal Agent, as applicable, may require their repurchase pursuant to repurchase agreements.

(c) Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

"Rebate Fund" means the fund by that name established under the Indenture to be held by the Trustee.

"Refunding Act" means the Refunding Act of 1984 for 1915 Improvement Act Bonds, being Division 11.5 (commencing with Section 9500) of the Streets and Highways Code of the State of California.

“Related Documents” means, collectively, the Indenture, the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, the CFD No. 2000-3 Bonds Fiscal Agent Agreement, the AD Bonds, the CFD No. 1 Bonds, and the CFD No. 2000-3 Bonds.

“Residual Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to the Indenture.

“Revenue Fund” means the fund by that name established pursuant to the Indenture.

“Senior Interest Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to the Indenture.

“Senior Principal Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to the Indenture.

“Senior Reserve Fund” means the fund by that name established with the Trustee pursuant to the Indenture.

“Subordinate Interest Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to the Indenture.

“Subordinate Principal Account” means the account of the Revenue Fund by that name established with the Trustee pursuant to the Indenture.

“Subordinate Reserve Fund” means the fund by that name established with the Trustee pursuant to the Indenture.

“Supplemental Indenture” means any indenture then in full force and effect that has been duly executed and delivered by the Authority and the Trustee amendatory of the Indenture or supplemental thereto; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Certificate” means that certain certificate of the Authority by that name delivered on the Closing Date.

“Unfunded Special District Administrative Expenses” means those annual costs of the administration of the AD Bonds, the CFD No. 1 Bonds, the CFD Bonds, the AD Bonds Fiscal Agent Agreement, the CFD No. 1 Bonds Fiscal Agent Agreement, the CFD No. 2000-3 Bonds Fiscal Agent Agreement in excess of the proceeds of the annual assessments or special taxes for administrative costs and surcharges for collection costs and registration costs which may be collected for the Assessment District, CFD No. 1, or CFD No. 2000-3 on the tax roll by the City, CFD No. 1, or CFD No. 2000-3, as applicable.

“Written Certificate,” Written Order,” or “Written Request” of the Authority, the City, CFD No. 1, or CFD No. 2000-3 means, respectively, a written certificate or written request signed in the name of the Authority by any Authorized Representative thereof or in the name of the City by any Authorized Representative thereof, in the name of CFD No. 1 by any Authorized Representative thereof, or in the name of CFD No. 2000-3 by any Authorized Representative thereof. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by the Indenture, each such certificate, order or request shall include the statements provided for in the Indenture.

THE INDENTURE

Investment of Moneys

Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority two (2) Business Days prior to the making of such investment. Permitted Investments may be purchased at such prices as the Authority shall determine. All Permitted Investments shall be acquired subject to any restrictive instructions given to the Trustee pursuant to the Indenture and such additional limitations or requirements consistent with the foregoing as may be established by the Written Request of the Authority. Moneys

in all funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture. Absent timely written direction from the Authority, the Trustee shall invest any funds held by it in Permitted Investments described in clause 15 of the definition thereof. Investment of cash on deposit in the Senior Reserve Fund shall have an average weighted term to maturity not greater than five (5) years.

Unless otherwise provided in the Indenture, all interest, profits, and other income received from the investment of moneys in any fund or account established pursuant to the Indenture shall be deposited in the Revenue Fund, except that (a) earnings on the investment of amounts in the Residual Account of the Revenue Fund, the Senior Reserve Fund, and the Subordinate Reserve Fund shall be deposited into the Residual Account of the Revenue Fund and (b) earnings on the investment of amounts in the Rebate Fund shall be retained therein. Notwithstanding anything to the contrary contained in the Indenture, an amount of interest received with respect to any Permitted Investments equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment for the Bonds shall be credited to the fund from which such accrued interest was paid.

Permitted Investments acquired as an investment of moneys in any fund established under the Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at the lesser of cost or par value plus, prior to the first payment of interest following purchase, the amount of accrued interest, if any, paid as a part of the purchase price.

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal, or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to the Indenture.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transactions statements which include details for all investment transactions made by the Trustee under the Indenture.

Against Encumbrances

The Authority shall not create, or permit the creation of, any pledge, lien, charge, or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture or any Supplemental Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Federal Tax Covenants

Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority will not take or omit to take any action, and will not make any use of the proceeds of the Bonds or of any other monies or property which would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The Authority will not make any use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, and will not take or omit to take any action which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The Authority will not make any use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code; and

(e) Miscellaneous. The Authority will not take any action inconsistent with its expectations stated in the Tax Certificate executed on the Closing Date by the Authority in connection with the Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

Duties and Liabilities of Trustee

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) below, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation by first-class mail, postage prepaid, to the Authority, and to the Bond Owners notice of such resignation at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) calendar days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee under the Indenture, and after payment by the Authority of all unpaid fees and expenses of the predecessor Trustee, such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties, and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign, and deliver to the successor Trustee any money or other property subject to the trusts and conditions therein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties, and obligations. Upon acceptance of appointment by a

successor Trustee as provided in this subsection, the Authority shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to each rating agency which then maintains a rating on the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) calendar days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of the Indenture in succession to the Trustee shall be a trust company or bank having the powers of a trust company, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state agency. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

(f) No provision in the Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder.

(g) The Trustee shall not be responsible for the sufficiency, timeliness, or enforceability of the Revenues or the reviewing of any report or certificate required to be provided under the Indenture.

(h) The Trustee shall not be accountable for the use or application by the Authority, the City, CFD No. 1, CFD No. 2000-3, or any other party of any funds which the Trustee has released under the Indenture.

(i) The Trustee may employ attorneys, agents, or receivers in the performance of any of its duties under the Indenture and shall not be answerable for the misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

Amendment of the Indenture

The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of all Bonds of the affected series then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), or (iv) deprive the Owners of the Series A Bonds of a priority over the Owners of the Series B Bonds in the Trust Estate (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to the Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

The Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority contained in the Indenture other covenants and agreements thereafter to be observed, or to pledge or assign additional security for the Bonds (or any portion thereof);

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency, or omission, or of curing or correcting any defective provision contained in the Indenture, or as to any other provisions of the Indenture as the Authority may deem necessary or desirable, in any case which do not adversely affect the security for the Bonds granted thereunder;

(c) to modify, amend, or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute thereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; and

(d) to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America.

Disqualified Bonds

In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent, or waiver under the Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of the Indenture if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, the Authority shall specify to the Trustee those Bonds disqualified pursuant to the Indenture.

Events of Default

The following events shall be Events of Default:

(a) if default shall be made by the Authority in the due and punctual payment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(b) if default shall be made by the Authority in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable;

(c) if default shall be made by the Authority in the observance of any of the other covenants, agreements, or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) calendar days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the affected series of Bonds at the time Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Trustee and such Owners shall, subject to the provisions of the Indenture, not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected; and

(d) the occurrence of an Event of Bankruptcy with respect to the Authority.

Remedies Upon Event of Default; Other Remedies of Bond Owners

If any Event of Default shall have occurred and be continuing, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding may, upon notice in writing to the Authority, exercise any and all remedies available pursuant to law or granted with respect to such Event of Default.

Subject to the provisions of the Indenture, any Bond Owner shall have the right, for the equal benefit and protection of all Bond Owners similarly situated:

(a) by mandamus, suit, action, or proceeding, to compel the Authority and its members, officers, agents, or employees to perform each and every term, provision, and covenant contained in the Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Authority and the fulfillment of all duties imposed upon it by the Bond Law;

(b) by suit, action, or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bond Owners' rights; or

(c) upon the happening of any Event of Default, by suit, action, or proceeding in any court of competent jurisdiction, to require the Authority and its members and employees to account as if it and they were the trustees of an express trust.

Trustee to Represent Bond Owners

The Trustee is irrevocably appointed under the Indenture (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, the Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the affected series of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus, or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee and such Owners under the Bonds, the Indenture, the Bond Law or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action, or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture.

Bond Owners' Direction of Proceedings

Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the affected series of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee thereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond Owners not parties to such direction.

Limitation on Bond Owners' Right to Sue

No Owner of any Bonds shall have the right to institute any suit, action, or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Agreement, the Bond Law, or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written

notice of the occurrence of an Event of Default, (b) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the affected series of the Bonds then Outstanding, shall have made written request upon the Trustee to exercise the powers granted under the Indenture or to institute such suit, action, or proceeding in its own name, and (c) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) calendar 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 Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, the Indenture, the Bond Law, or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

No Waiver of Default

No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Defeasance

The Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable under the Indenture by the Authority:

- (a) by paying or causing to be paid the principal of and redemption premium, if any, and interest on the Bonds, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust (pursuant to an escrow agreement), at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem all Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all of the Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority including without limitation any amounts due and owing the Trustee thereunder, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements, and other obligations of the Authority under the Indenture shall cease, terminate, become void, and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, and upon receipt of a Written Certificate of Authorized Representatives of the Authority and an opinion of Bond Counsel acceptable to the Trustee, each to the effect that all conditions precedent in the Indenture provided for relating to the discharge and satisfaction of the obligations of the Authority have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as shall be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver all moneys or securities or other property held by it pursuant to the Indenture, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the Authority.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority with respect to such Bonds

shall cease, terminate, and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or otherwise as provided in the Indenture), if such moneys were so held at such date, or one (1) year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Authority free from the trusts created by the Indenture and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall (at the written request and cost of the Authority) first mail, by first-class mail, postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

As a precondition to the defeasance of the Series A Bonds pursuant to the Indenture, the Authority shall cause to be delivered:

- (a) a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay the Series A Bonds in full on the maturity or redemption date (the "Verification Report");
- (b) an escrow agreement; and
- (c) an opinion of nationally recognized bond counsel to the effect that the Series A Bonds are no longer Outstanding.

Each such Verification Report and opinion required pursuant to the Indenture shall be acceptable in form and substance to the Authority and shall be addressed to the Authority and the Trustee.

THE AD BONDS FISCAL AGENT AGREEMENT

The AD Bonds

No Acceleration. The principal of the AD Bonds shall not be subject to acceleration under the AD Bonds Fiscal Agent Agreement.

Refunding of Bonds. The AD Bonds are subject to refunding pursuant to Divisions 11 or 11.5 of the California Streets and Highways Code.

No Additional Bonds. No additional bonds shall be issued for the Assessment District on a parity with the AD Bonds.

Funds and Accounts

AD Bonds Redemption Fund. The AD Bonds Redemption Fund is established as a separate fund to be held by the Fiscal Agent to the credit of which deposits shall be made as required by the AD Bonds Fiscal Agent Agreement, the Refunding Act, or the 1915 Act. Moneys in the AD Bonds Redemption Fund shall be held by the Fiscal Agent for the benefit of the City and the Owners of the AD Bonds and shall be disbursed for the payment of the principal of, and interest on, the AD Bonds as provided in the AD Bonds Fiscal Agent Agreement. Within the AD Bonds Redemption Fund there is established the following separate account to be held in trust by the Fiscal Agent for the benefit of the City and the Owners of the AD Bonds:

AD Bonds Prepayment Account: The AD Bonds Prepayment Account shall be used exclusively for the administration of any prepayments of Reassessments pursuant to Section 8767 of the 1915 Act, to assure the timely

redemption of AD Bonds. In the event all of the Reassessments are prepaid in full, the AD Bonds Prepayment Account shall be closed.

On each Interest Payment Date, the Fiscal Agent shall withdraw from the AD Bonds Redemption Fund and pay to the Owners of the AD Bonds the principal of, and interest and any premium, then due and payable on the AD Bonds. Ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts to be on deposit in the AD Bonds Redemption Fund (following the transfer of collected Reassessments from the City) will be sufficient to pay the debt service due with respect to the AD Bonds on such Interest Payment Date. Upon such determination, the Fiscal Agent shall immediately provide written notice to the Trustee of either (i) the sufficiency of the funds in the AD Bonds Redemption Fund or (ii) the insufficiency of such funds together with the amount of such deficiency. If there are insufficient funds in the AD Bonds Redemption Fund to make the payments due with respect to the AD Bonds as provided in the AD Bonds Fiscal Agent Agreement, the Fiscal Agent shall apply the available funds first to the payment of interest on the AD Bonds, then to the payment of principal due with respect to the AD Bonds, and then to payment of principal due with respect to the AD Bonds by reason of AD Bonds called for redemption under the AD Bonds Fiscal Agent Agreement.

Moneys in the AD Bonds Redemption Fund (and the accounts therein) shall be invested and deposited in accordance with the AD Bonds Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit shall be retained in the AD Bonds Redemption Fund (and the accounts therein).

AD Bonds Rebate Fund. The AD Bonds Rebate Fund is established as a separate fund to be held by the Fiscal Agent. The City shall cause to be deposited in the AD Bonds Rebate Fund, from other funds that may be available to the City, from time to time, amounts determined to be sufficient to pay any rebate required to be paid under the AD Bonds Fiscal Agent Agreement. Investments in the AD Bonds Rebate Fund shall be yield restricted to a yield not in excess of that of the AD Bonds. Monies in the AD Bonds Rebate Fund are not pledged to pay debt service nor are they subject to any lien in favor of the AD Bond Owners. The City shall advise the Fiscal Agent as to the particulars of such deposits and investments and the Fiscal Agent shall have no liability with respect to the calculation of or payment of any rebate amounts owed under the AD Bonds Fiscal Agent Agreement.

Deposit and Investment of Moneys in Funds

Subject in all respects to the provisions of the AD Bonds Fiscal Agent Agreement, moneys in any fund or account created or established by the AD Bonds Fiscal Agent Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. The following shall apply to such investments:

(a) **Investments.** In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments describe in clause (15) of the definition thereof that by their terms mature prior to the date on which such moneys are required to be paid out under the AD Bonds Fiscal Agent Agreement to the extent reasonable and practicable, and if such investments cannot be made the Fiscal Agent shall hold such funds uninvested until such investments can be made. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the AD Bonds Fiscal Agent Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

(b) **Fiscal Agent.** The Fiscal Agent may act as principal or agent in the acquisition or disposition of any investment. The Fiscal Agent shall incur no liability for losses arising from any investments made pursuant to the AD Bonds Fiscal Agent Agreement.

(c) **Commingling.** Subject in all respects to the provisions of the AD Bonds Fiscal Agent Agreement, investments in any and all funds and accounts may at the discretion of the Fiscal Agent be commingled in a separate fund or funds for purposes of making, holding, and disposing of investments, notwithstanding provisions in the AD Bonds Fiscal Agent Agreement for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent thereunder, provided that the Fiscal Agent shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the AD Bonds Fiscal Agent Agreement.

(d) **Sales.** The Fiscal Agent shall sell or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal, or disbursement from the fund or account to which such investment security is credited and the Fiscal Agent shall not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the AD Bonds Fiscal Agent Agreement.

(e) **City Treasury.** For funds held by the City Treasurer, the provisions of the AD Bonds Fiscal Agent Agreement shall also apply, except that an Officer's Certificate shall not be required. For such funds, the City shall keep records or accounts of all expenditures or disbursements therefrom which records shall be available for inspection during business hours on any Business Day upon prior written request.

Covenants of the City

Collection of Reassessments. The City shall comply with all requirements of the 1913 Act, the 1915 Act, the Refunding Act, and the AD Bonds Fiscal Agent Agreement to assure the timely collection of the Reassessments, including, without limitation, the enforcement of delinquent Reassessments. The costs and administrative expenses of the City pertaining to the collection of the Reassessments and the AD Bonds may be included as a component of the Reassessments. Such amounts, when collected, shall be retained by the City.

Foreclosure. The City covenants with and for the benefit of the Owners of the AD Bonds that it will order, and cause to be commenced, and thereafter diligently prosecute an action in the Superior Court of the County to foreclose the lien of any Reassessment or installment thereof which has been billed, but has not been paid, pursuant to and as provided in Sections 8830 through 8835 (inclusive) of the 1915 Act and the conditions specified in the AD Bonds Fiscal Agent Agreement. For the benefit of the Owners of the AD Bonds, the City shall annually reconcile Reassessment levies and Reassessment collections and shall initiate judicial foreclosure proceedings within ninety (90) days following the end of a Fiscal Year in which there is any delinquency in the payment of a Reassessment. The City shall diligently prosecute to completion such foreclosure proceedings as may be necessary to collect the delinquent amounts notwithstanding payment by the County of any Reassessments under a Teeter Plan.

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the AD Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default under the AD Bonds Fiscal Agent Agreement, to the benefits thereof, except subject to the prior payment in full of the principal of all of the AD Bonds then Outstanding and of all claims for interest which shall not have been extended or funded.

Against Encumbrance. The City will not encumber, pledge, or place any charge or lien upon any of the Reassessments or other amounts pledged to the AD Bonds superior to or on a parity with the pledge and lien created under the AD Bonds Fiscal Agent Agreement for the benefit of the AD Bonds, except as permitted by the AD Bonds Resolution of Issuance, the AD Bonds Fiscal Agent Agreement, the Refunding Act, the 1913 Act, or the 1915 Act.

Books and Accounts. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Reassessments, which records shall be subject to inspection by the Owners upon reasonable prior notice on any Business Day.

Protection of Security and Rights of Owners. The City will preserve and protect the security of the AD Bonds and the rights of the Owners thereto, and will warrant and defend their rights to such security against all claims and demands of all persons. From and after the delivery of any of the AD Bonds by the City, the AD Bonds shall be incontestable by the City.

Further Assurances. The City will adopt, make, execute, and deliver any and all such further resolutions, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the AD Bonds Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the AD Bonds Fiscal Agent Agreement.

Private Activity Bond Limitation. The City shall assure that the proceeds of the AD Bonds are not so used as to cause the AD Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the AD Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Rebate Requirement. The City shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the AD Bonds.

No Arbitrage. The City shall not take, or permit or suffer to be taken by the City, by the Fiscal Agent, or otherwise, any action with respect to the proceeds of the AD Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the AD Bonds would have caused the AD Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the AD Bonds from the gross income of the Owners of the AD Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the AD Bonds.

Liability of City

The City shall not incur any responsibility with respect to the AD Bonds or the AD Bonds Fiscal Agent Agreement other than in connection with the duties or obligations explicitly provided therein or in the AD Bonds. The City shall not be liable to any Owner in connection with the performance of its duties under the AD Bonds Fiscal Agent Agreement, except for its own gross negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants, or agreements of the Fiscal Agent in the AD Bonds Fiscal Agent Agreement or of any of the documents executed by the Fiscal Agent in connection with the AD Bonds, or as to the existence of a default thereunder.

The City shall not be bound to recognize any person as the Owner of an AD Bond unless duly registered and until such AD Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Waiver of Personal Liability

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the AD Bonds; but nothing contained in the AD Bonds Fiscal Agent Agreement shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Modification or Amendment of the AD Bonds Fiscal Agent Agreement

Amendments Permitted. (a) Consent. The AD Bonds Fiscal Agent Agreement and the rights and obligations of the City and of the Owners of the AD Bonds may be modified or amended at any time by a supplemental AD Bonds Fiscal Agent Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the AD Bonds then Outstanding, exclusive of AD Bonds disqualified as provided in the AD Bonds Fiscal Agent Agreement. No such modification or amendment shall (i) extend the maturity of any AD Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any AD Bond, without the express consent of the Owner of such AD Bond, or (ii) permit the creation by the City of any pledge or lien upon the Reassessments superior to or on a parity with the pledge and lien created for the benefit of the AD Bonds (except as otherwise permitted by the 1913 Act, the Refunding Act, the AD Bonds Resolution of Issuance, the laws of the State of California, or the AD Bonds Fiscal Agent Agreement), or reduce the percentage of AD Bonds required for the amendment of the AD Bonds Fiscal Agent Agreement, or amend the provisions of the AD Bonds Fiscal Agent Agreement regarding the amendment thereof. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

(b) Without Consent. The AD Bonds Fiscal Agent Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a supplemental AD Bonds Fiscal Agent Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) Additions. To add to the covenants and agreements of the City in the AD Bonds Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power therein reserved to or conferred upon the City which will not adversely affect the rights of the Owners of the AD Bonds;

(ii) Affecting Bonds. To make modifications not adversely affecting any Outstanding AD Bonds of the City in any material respect;

(iii) Corrective Action. To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the AD Bonds Fiscal Agent Agreement, or in regard to questions arising under the AD Bonds Fiscal Agent Agreement, as the City and the Fiscal Agent may deem necessary or desirable and not inconsistent with the AD Bonds Fiscal Agent Agreement, and which shall not adversely affect the rights of the Owners of the AD Bonds; or

(iv) Tax Exemption. To make such additions, deletions, or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the AD Bonds.

Discharge of the AD Bonds Fiscal Agent Agreement

Subject to the provisions of AD Bonds Fiscal Agent Agreement regarding redemption of the AD Bonds, the City shall pay and discharge the entire indebtedness on all AD Bonds Outstanding in any one or more of the following ways:

(a) Payment. By paying or causing to be paid the principal of and interest and any premium on, all AD Bonds Outstanding, as and when the same become due and payable;

(b) Cash. By depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the AD Bonds Redemption Fund is fully sufficient to pay all AD Bonds Outstanding, including all principal, interest and redemption premium;

(c) Federal Securities. By irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the City shall determine, as confirmed by an Independent Certified Public Accountant, which will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the AD Bonds Redemption Fund, be fully sufficient to pay and discharge the indebtedness on all AD Bonds, including all principal and interest, at or before their respective maturity dates; and

(d) Actions. If such AD Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as provided in the AD Bonds Fiscal Agent Agreement or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any AD Bonds shall not have been surrendered for payment, the pledge of the Reassessments and other funds provided for in the AD Bonds Fiscal Agent Agreement and all other obligations of the City under the AD Bonds Fiscal Agent Agreement with respect to all AD Bonds Outstanding shall cease and terminate, except only the obligation of the City to pay or cause to be paid to the Owners of the AD Bonds not so surrendered and paid all sums due thereon, the obligation of the City to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the AD Bonds from gross income for federal income tax purposes, and all amounts owing to the Fiscal Agent pursuant to the AD Bonds Fiscal Agent Agreement; and thereafter Reassessments shall not be payable to the Fiscal Agent. Notice of such election shall be filed with the Fiscal Agent. Any funds thereafter held by the Fiscal Agent upon payments of all fees and expenses of the Fiscal Agent, which are not required for said purpose, shall be paid over to the City to be used by the City as provided in the 1913 Act, the Refunding Act, and the 1915 Act.

THE CFD NO. 1 BONDS FISCAL AGENT AGREEMENT

Funds and Accounts

The following funds and accounts are created and established pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement and shall be maintained by the Fiscal Agent for the administration and control of the CFD No. 1 Special Taxes and the proceeds of the CFD No. 1 Bonds:

CFD No. 1 Special Tax Fund. Upon receipt, the Chief Financial Officer shall deposit all of the CFD No. 1 Gross Taxes received by CFD No. 1 into the CFD No. 1 Special Tax Fund. The Fiscal Agent shall, on each date on which the CFD No. 1 Gross Taxes have been received by the Chief Financial Officer and deposited with the Fiscal Agent, deposit the CFD No. 1 Gross Taxes in the CFD No. 1 Special Tax Fund, such CFD No. 1 Gross Taxes to be held and transferred on the dates and in the amounts set forth in the CFD No. 1 Bonds Fiscal Agent Agreement, in the following order of priority, to: (1) the CFD No. 1 Bonds Administrative Expense Fund; and (2) the CFD No. 1 Bond Service Fund. Any amounts remaining on deposit in the CFD No. 1 Special Tax Fund when there are no longer any CFD No. 1 Bonds outstanding shall be transferred to the CFD No. 1 Bonds Rebate Fund, if necessary, and otherwise shall be transferred to CFD No. 1 and used for any lawful purpose under the Mello-Roos Act.

CFD No. 1 Bonds Administrative Expense Fund. (a) On or before the date amounts are needed to pay CFD No. 1 Bonds Administrative Expenses, the Fiscal Agent shall withdraw from the CFD No. 1 Special Tax Fund and place in the CFD No. 1 Bonds Administrative Expense Fund an amount necessary, together with amounts on deposit therein, to pay all CFD No. 1 Bonds Administrative Expenses, but any such transfers shall not exceed, in any Fiscal Year, the amount included in the CFD No. 1 Special Tax levy for such Fiscal Year for CFD No. 1 Bonds Administrative Expenses.

(b) Upon receipt of a duly executed CFD No. 1 Bonds Administrative Expense payment request form from CFD No. 1, the Fiscal Agent shall pay the CFD No. 1 Bonds Administrative Expenses.

(c) The Fiscal Agent shall transfer all amounts remaining on deposit in the CFD No. 1 Bonds Administrative Expense Fund on the final maturity of the CFD No. 1 Bonds, after payment of any accrued CFD No. 1 Administrative Expenses, to the CFD No. 1 Special Tax Fund.

CFD No. 1 Bond Service Fund. On or before ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the CFD No. 1 Special Tax Fund to the extent required, and place in the CFD No. 1 Bond Service Fund an amount equal, together with amounts on deposit therein, to all of the principal and all of the interest due and payable on all of the CFD No. 1 Bonds on the next Interest Payment Date. Ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts to be on deposit in the CFD No. 1 Bond Service Fund (following the transfer of collected CFD No. 1 Special Taxes from the City) will be sufficient to pay all of the principal and all of the interest due and payable on the CFD No. 1 Bonds on such Interest Payment Date. Upon such determination, the Fiscal Agent shall immediately provide written notice to the Trustee of either (i) the sufficiency of the funds in the CFD No. 1 Bond Service Fund or (ii) the insufficiency of such funds, together with the amount of such deficiency. On each Interest Payment Date, the Fiscal Agent shall withdraw from the CFD No. 1 Bond Service Fund and pay to the Owners of the CFD No. 1 Bonds the principal of and interest then due and payable on the CFD No. 1 Bonds. If there are insufficient funds in the CFD No. 1 Bond Service Fund to make the payments provided for in the first sentence of this paragraph, the Fiscal Agent shall apply the available funds first to the payment of interest on the CFD No. 1 Bonds, and then to the payment of principal due on the CFD No. 1 Bonds, and then to payment of principal due on the CFD No. 1 Bonds by reason of CFD No. 1 Bonds called for redemption pursuant to the Fiscal Agent.

Within the CFD No. 1 Bond Service Fund there is established the CFD No. 1 Bonds Prepayment Account to be held in trust by the Fiscal Agent for the benefit of CFD No. 1 and the Owners of the CFD No. 1 Bonds. The CFD No. 1 Bonds Prepayment Account shall be used exclusively for the administration of any prepayments of CFD No. 1 Special Taxes to assure the timely redemption of CFD No. 1 Bonds. In the event all of the CFD No. 1 Special Taxes are prepaid in full, the CFD No. 1 Bonds Prepayment Account shall be closed.

Monies in the CFD No. 1 Bond Service Fund (and the account therein) shall be invested and deposited in accordance with the CFD No. 1 Bonds Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit shall be retained in the CFD No. 1 Bond Service Fund (and the account therein).

The Fiscal Agent shall transfer any moneys remaining in the CFD No. 1 Bond Service Fund when there are no longer CFD No. 1 Bonds outstanding to the CFD No. 1 Special Tax Fund.

CFD No. 1 Bonds Rebate Fund. The Fiscal Agent shall establish and maintain the CFD No. 1 Bonds Rebate Fund. Subject to the transfer provisions provided in the CFD No. 1 Bonds Fiscal Agent Agreement, all money at any time deposited in the CFD No. 1 Bonds Rebate Fund shall be held by the Fiscal Agent in trust for payment to the United States of America. Neither CFD No. 1 nor the Owner of any CFD No. 1 Bonds shall have any rights in or claim to such money. All amounts on deposit in the CFD No. 1 Bonds Rebate Fund shall be governed by the CFD No. 1 Bonds Fiscal Agent Agreement and by the tax certificate for the CFD No. 1 Bonds.

Investments

Obligations purchased as investments of moneys in any fund or account in which investments are authorized shall be deemed at all times to be a part of such fund or account. Earnings on the investment of any moneys on deposit in the CFD No. 1 Special Tax Fund, the CFD No. 1 Bonds Administrative Expense Fund, the CFD No. 1 Bond Service Fund, or the CFD No. 1 Bonds Rebate Fund shall be held in each such fund or account. Subject to the restrictions set forth in the CFD No. 1 Bonds Fiscal Agent Agreement, moneys in said funds and accounts may be from time to time invested by the Fiscal Agent at the written direction of an Authorized Representative of CFD No. 1, or if no such written direction is given, in Permitted Investments described in clause (15) of the definition thereof so long as:

(a) Moneys in the CFD No. 1 Bonds Administrative Expense Fund shall be invested in obligations that will by their terms mature no later than the date on which moneys must be available to meet scheduled payments of CFD No. 1 Bonds Administrative Expenses; and

(b) Moneys in the CFD No. 1 Bond Service Fund shall be invested only in obligations which will by their terms mature on such dates so as to ensure the payment of principal and interest on the CFD No. 1 Bonds as the same become due.

Subject to the restrictions set forth in the CFD No. 1 Bonds Fiscal Agent Agreement, the Fiscal Agent shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account shall be valued at their original cost. Notwithstanding anything in the CFD No. 1 Bonds Fiscal Agent Agreement to the contrary, the Fiscal Agent shall not be responsible for any loss from any investments authorized pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement.

Covenants of CFD No. 1

Limits on Additional Debt. CFD No. 1 will not mortgage or otherwise encumber, pledge or place any charge upon any of the CFD No. 1 Gross Taxes, and will not issue any obligation or security superior to or on a parity with the CFD No. 1 Bonds, payable in whole or in part from the CFD No. 1 Net Taxes.

Commencement of Foreclosure Proceedings. CFD No. 1 shall cause the City, for and on behalf of CFD No. 1, to annually reconcile CFD No. 1 Special Tax levies and CFD No. 1 Special Tax collections and to order, and cause to be commenced, judicial foreclosure proceedings against (i) parcels with delinquent CFD No. 1 Special Taxes in excess of \$5,000 by October 1 following the close of the Fiscal Year in which such CFD No. 1 Special Taxes were due, and (ii) all properties with delinquent CFD No. 1 Special Taxes by the October 1 following the close of any Fiscal Year in which CFD No. 1 receives the CFD No. 1 Special Taxes in an amount that is less than 95% of the total CFD No. 1 Special Taxes levies. CFD No. 1 shall cause the City, for and on behalf of the CFD No. 1, to diligently prosecute to completion such foreclosure proceedings as may be necessary to collect the delinquent amounts notwithstanding the payment by the County of any CFD No. 1 Special Taxes under a Teeter Plan.

Books and Accounts. CFD No. 1 will keep proper books of records and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the CFD No. 1 Special Tax, and the deposits to the CFD No. 1 Special Tax Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent

or of the Owners of the CFD No. 1 Bonds of not less than ten percent (10%) of the aggregate principal amount of the CFD No. 1 Bonds then Outstanding or their representatives authorized in writing.

Tax Covenants. In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the CFD No. 1 Bonds, CFD No. 1 will comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. This covenant shall survive the payment or defeasance of the CFD No. 1 Bonds.

Extension of Payment of CFD No. 1 Bonds. CFD No. 1 shall not directly or indirectly extend the maturity dates of the CFD No. 1 Bonds or the time of payment of interest with respect thereto. Nothing in the CFD No. 1 Bonds Fiscal Agent Agreement shall be deemed to limit the right of CFD No. 1 to issue any securities for the purpose of providing funds for the redemption of the CFD No. 1 Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the CFD No. 1 Bonds.

Protection of Rights. CFD No. 1 will preserve and protect the security of the CFD No. 1 Bonds and the rights of the Owners of the CFD No. 1 Bonds against all claims and demands of all persons, and will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the CFD No. 1 Bonds Fiscal Agent Agreement or in any CFD No. 1 Bond issued pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement and will contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against CFD No. 1 that (i) the Mello-Roos Act is unconstitutional, (ii) the CFD No. 1 Special Tax is invalid, or (iii) the CFD No. 1 Special Taxes cannot be paid by CFD No. 1 for the debt service on the CFD No. 1 Bonds, or (b) any other action affecting the validity of the CFD No. 1 Bonds or diluting the security therefor, including any initiatives pursuant to Section 3 of Article XIII C of the California Constitution, or (c) any assertion by the United States of America or any department or agency thereof or any other person that the interest received by the bondholders is includable in gross income for federal income tax purposes, to the extent there are CFD No. 1 Special Taxes available for such purpose.

No City Covenants. The covenants contained in the CFD No. 1 Bonds Fiscal Agent Agreement are covenants of CFD No. 1 only and anything therein to the contrary notwithstanding, no covenant contained therein shall be deemed to have been made by the City, other than any such covenant it may have made in its capacity as legislative body of CFD No. 1.

Private Activity Bond Limitation. CFD No. 1 shall assure that the proceeds of the CFD No. 1 Bonds are not so used as to cause the CFD No. 1 Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. CFD No. 1 shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the CFD No. 1 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

No Arbitrage. CFD No. 1 shall not take, or permit or suffer to be taken by CFD No. 1, the City, the Fiscal Agent, or otherwise, any action with respect to the proceeds of the CFD No. 1 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the CFD No. 1 Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

Maintenance of Tax-Exemption. CFD No. 1 shall take all actions necessary to assure the exclusion of interest on the CFD No. 1 Bonds from the gross income of the Owners of the CFD No. 1 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the CFD No. 1 Bonds.

Personal Liability

Neither CFD No. 1 nor the City nor any officer, agent, or employee of CFD No. 1 or the City, shall be individually or personally liable for the payment of the principal of or interest on the CFD No. 1 Bonds; but nothing in the CFD No. 1 Bonds Fiscal Agent Agreement contained shall relieve any such entity, officer, agent, or employee from the performance of any official duty provided by law.

Supplemental CFD No. 1 Bonds Fiscal Agent Agreement

Supplemental CFD No. 1 Bonds Fiscal Agent Agreements without CFD No. 1 Bond Owner Consent.
CFD No. 1 and the Fiscal Agent, may from time to time, and at any time, without notice to or consent of any of the CFD No. 1 Bond Owners, enter into such supplemental CFD No. 1 Bonds Fiscal Agent Agreements as shall not be inconsistent with the terms and provisions of the CFD No. 1 Bonds Fiscal Agent Agreement (which supplemental CFD No. 1 Bonds Fiscal Agent Agreements or agreements shall thereafter form a part thereof) for any of the following purposes:

(a) To cure any ambiguity, to correct, or supplement any provision in the CFD No. 1 Bonds Fiscal Agent Agreement which may be inconsistent with any other provision therein, or to make any other provision with respect to matters or questions arising under the CFD No. 1 Bonds Fiscal Agent Agreement or in any supplemental CFD No. 1 Bonds Fiscal Agent Agreement, provided that such action shall not adversely affect the interests of the CFD No. 1 Bond Owners;

(b) To add to the covenants and agreements of and the limitations and the restrictions upon CFD No. 1 contained in the CFD No. 1 Bonds Fiscal Agent Agreement, other covenants, agreements, limitations and restrictions to be observed by CFD No. 1, which are not contrary to or inconsistent with the CFD No. 1 Bonds Fiscal Agent Agreement as theretofore in effect;

(c) To modify, alter, amend, or supplement the CFD No. 1 Bonds Fiscal Agent Agreement for any reason in any other respect which is not materially adverse to the interests of CFD No. 1 Bond Owners.

Supplemental CFD No. 1 Bonds Fiscal Agent Agreement with CFD No. 1 Bond Owner Consent.
Exclusive of the supplemental CFD No. 1 Bonds Fiscal Agent Agreements covered by the CFD No. 1 Bonds Fiscal Agent Agreement, the Owners of not less than sixty percent (60%) in aggregate principal amount of the CFD No. 1 Bonds then Outstanding shall have the right to consent to and approve the execution of such supplemental CFD No. 1 Bonds Fiscal Agent Agreements as shall be deemed necessary or desirable for the purpose of waiving, modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the CFD No. 1 Bonds Fiscal Agent Agreement or in any supplemental CFD No. 1 Bonds Fiscal Agent Agreement or agreement; provided, however, that nothing in the CFD No. 1 Bonds Fiscal Agent Agreement shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal of, or the payment date of interest on, any CFD No. 1 Bond, (b) a reduction in the principal amount of any CFD No. 1 Bond or the rate of interest thereon, or (c) a reduction in the aggregate principal amount of the CFD No. 1 Bonds the Owners of which are required to consent to such supplemental CFD No. 1 Bonds Fiscal Agent Agreement, without the consent of the Owners of all CFD No. 1 Bonds then Outstanding. Nothing contained in the CFD No. 1 Bonds Fiscal Agent Agreement, however, shall be construed as making necessary the approval by CFD No. 1 Bond Owners of the execution of any supplemental CFD No. 1 Bonds Fiscal Agent Agreements.

Defeasance

If CFD No. 1 shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding CFD No. 1 Bonds the interest due thereon and the principal thereof, at the times and in the manner stipulated therein and in the CFD No. 1 Bonds Fiscal Agent Agreement, then the Owners of such CFD No. 1 Bonds shall cease to be entitled to the pledge of CFD No. 1 Net Taxes and other amounts pledged under the CFD No. 1 Bonds Fiscal Agent Agreement to the repayment of such CFD No. 1 Bonds, and all covenants, agreements, and other obligations of CFD No. 1 to the Owners of such CFD No. 1 Bonds under the CFD No. 1 Bonds Fiscal Agent Agreement shall thereupon cease, terminate, and become void and be discharged and satisfied, except CFD No. 1's obligations to comply with the tax covenants contained therein. In such event, the Fiscal Agent shall execute and deliver to CFD No. 1 such instruments as may be desirable to evidence such discharge and satisfaction, and, after payment of any amounts due the Fiscal Agent under the CFD No. 1 Bonds Fiscal Agent Agreement, the Fiscal Agent shall pay over or deliver to CFD No. 1 all money or securities held by them pursuant to the CFD No. 1 Bonds Fiscal Agent Agreement that are not required for the payment of the interest due on and the principal of such CFD No. 1 Bonds.

Any Outstanding CFD No. 1 Bond shall be deemed to have been paid within the meaning expressed in the paragraph above if such CFD No. 1 Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such CFD No. 1 Bond, as and when the same becomes due and payable, whether at maturity or by prior redemption;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the CFD No. 1 Special Tax Fund (exclusive of the CFD No. 1 Bonds Administrative Expense Account) and in the CFD No. 1 Bond Service Fund and available under the terms of the CFD No. 1 Bonds Fiscal Agent Agreement to pay such CFD No. 1 Bond, without reinvestment, is fully sufficient to pay the principal of, premium, if any, and interest on such CFD No. 1 Bond, as and when the same shall become due and payable, whether at maturity or by prior redemption; or

(c) by depositing with the Fiscal Agent, or another escrow bank appointed by CFD No. 1, in trust, noncallable Federal Securities in which CFD No. 1 lawfully invest its money, in such amount as an independent certified public accountant shall determine will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the CFD No. 1 Special Tax Fund (exclusive of the CFD No. 1 Bonds Administrative Expense Account) and in the CFD No. 1 Bond Service Fund and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such CFD No. 1 Bond, as and when the same shall become due and payable, whether at maturity or by prior redemption;

then, notwithstanding that any Outstanding CFD No. 1 Bond shall not have been surrendered for payment, all obligations of CFD No. 1 under the CFD No. 1 Bonds Fiscal Agent Agreement with respect to such CFD No. 1 Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owner of such CFD No. 1 Bond not so surrendered and paid all sums due thereon and except for CFD No. 1's obligations to comply with the tax covenants contained in the CFD No. 1 Bonds Fiscal Agent Agreement.

In connection with a defeasance as described in clause (c) above, an independent certified public accountant shall provide to CFD No. 1 a certificate stating its opinion as to the sufficiency of the moneys and securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the principal of, premium, if any, and interest on any Outstanding CFD No. 1 Bond to be defeased as described above, as and when the same shall become due and payable, whether at maturity or by prior redemption, and an opinion of Bond Counsel (which may rely on the opinion of the independent certified public accountant) to the effect that the CFD No. 1 Bonds being defeased have been legally defeased in accordance with the CFD No. 1 Bonds Fiscal Agent Agreement and that such defeasance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the CFD No. 1 Bonds. Upon a defeasance, the Fiscal Agent shall release the rights of the Owners of such CFD No. 1 Bonds that have been defeased under the CFD No. 1 Bonds Fiscal Agent Agreement and execute and deliver to CFD No. 1 all such instruments provided to it as may be necessary or desirable to evidence such release, discharge, and satisfaction. In the case of a defeasance under the CFD No. 1 Bonds Fiscal Agent Agreement of all Outstanding CFD No. 1 Bonds, the Fiscal Agent shall pay over or deliver to CFD No. 1 any funds, after payment of all fees and expenses of the Fiscal Agent, held by the Fiscal Agent at the time of such defeasance that are not required for the purpose of paying and discharging the principal of, premium, if any, or interest on the CFD No. 1 Bonds when due. The Fiscal Agent shall, at the written direction of CFD No. 1, mail, first class, postage prepaid, a notice to the CFD No. 1 Bond Owners whose CFD No. 1 Bonds have been defeased, in the form directed by CFD No. 1, stating that such defeasance has occurred.

THE CFD NO. 2000-3 BONDS FISCAL AGENT AGREEMENT

Funds and Accounts

The following funds and accounts are created and established pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement and shall be maintained by the Fiscal Agent for the administration and control of the CFD No. 2000-3 Special Taxes and the proceeds of the CFD No. 2000-3 Bonds:

CFD No. 2000-3 Special Tax Fund. Upon receipt, the Chief Financial Officer shall deposit all of the CFD No. 2000-3 Gross Taxes received by CFD No. 2000-3 into the CFD No. 2000-3 Special Tax Fund. The Fiscal Agent shall, on each date on which the CFD No. 2000-3 Gross Taxes have been received by the Chief Financial Officer and deposited with the Fiscal Agent, deposit the CFD No. 2000-3 Gross Taxes in the CFD No. 2000-3 Special Tax Fund, such CFD No. 2000-3 Gross Taxes to be held and transferred on the dates and in the amounts set forth in the CFD No. 2000-3 Bonds Fiscal Agent Agreement, in the following order of priority, to: (1) the CFD

No. 2000-3 Bonds Administrative Expense Fund; and (2) the CFD No. 2000-3 Bond Service Fund. Any amounts remaining on deposit in the CFD No. 2000-3 Special Tax Fund when there are no longer any CFD No. 2000-3 Bonds outstanding shall be transferred to the CFD No. 2000-3 Bonds Rebate Fund, if necessary, and otherwise shall be transferred to CFD No. 2000-3 and used for any lawful purpose under the Mello-Roos Act.

CFD No. 2000-3 Bonds Administrative Expense Fund. (a) On or before the date amounts are needed to pay CFD No. 2000-3 Bonds Administrative Expenses, the Fiscal Agent shall withdraw from the CFD No. 2000-3 Special Tax Fund and place in the CFD No. 2000-3 Bonds Administrative Expense Fund an amount necessary, together with amounts on deposit therein, to pay all CFD No. 2000-3 Bonds Administrative Expenses, but any such transfers shall not exceed, in any Fiscal Year, the amount included in the CFD No. 2000-3 Special Tax levy for such Fiscal Year for CFD No. 2000-3 Bonds Administrative Expenses.

(b) Upon receipt of a duly executed CFD No. 2000-3 Bonds Administrative Expense payment request form from CFD No. 2000-3, the Fiscal Agent shall pay the CFD No. 2000-3 Bonds Administrative Expenses.

(c) The Fiscal Agent shall transfer all amounts remaining on deposit in the CFD No. 2000-3 Bonds Administrative Expense Fund on the final maturity of the CFD No. 2000-3 Bonds, after payment of any accrued CFD No. 2000-3 Administrative Expenses, to the CFD No. 2000-3 Special Tax Fund.

CFD No. 2000-3 Bond Service Fund. On or before ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the CFD No. 2000-3 Special Tax Fund to the extent required, and place in the CFD No. 2000-3 Bond Service Fund an amount equal, together with amounts on deposit therein, to all of the principal and all of the interest due and payable on all of the CFD No. 2000-3 Bonds on the next Interest Payment Date. Ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts to be on deposit in the CFD No. 2000-3 Bond Service Fund (following the transfer of collected CFD No. 2000-3 Special Taxes from the City) will be sufficient to pay all of the principal and all of the interest due and payable on the CFD No. 2000-3 Bonds on such Interest Payment Date. Upon such determination, the Fiscal Agent shall immediately provide written notice to the Trustee of either (i) the sufficiency of the funds in the CFD No. 2000-3 Bond Service Fund or (ii) the insufficiency of such funds, together with the amount of such deficiency. On each Interest Payment Date, the Fiscal Agent shall withdraw from the CFD No. 2000-3 Bond Service Fund and pay to the Owners of the CFD No. 2000-3 Bonds the principal of and interest then due and payable on the CFD No. 2000-3 Bonds. If there are insufficient funds in the CFD No. 2000-3 Bond Service Fund to make the payments provided for in the first sentence of this paragraph, the Fiscal Agent shall apply the available funds first to the payment of interest on the CFD No. 2000-3 Bonds, and then to the payment of principal due on the CFD No. 2000-3 Bonds, and then to payment of principal due on the CFD No. 2000-3 Bonds by reason of CFD No. 2000-3 Bonds called for redemption pursuant to the Fiscal Agent.

Within the CFD No. 2000-3 Bond Service Fund there is established the CFD No. 2000-3 Bonds Prepayment Account to be held in trust by the Fiscal Agent for the benefit of CFD No. 2000-3 and the Owners of the CFD No. 2000-3 Bonds. The CFD No. 2000-3 Bonds Prepayment Account shall be used exclusively for the administration of any prepayments of CFD No. 2000-3 Special Taxes to assure the timely redemption of CFD No. 2000-3 Bonds. In the event all of the CFD No. 2000-3 Special Taxes are prepaid in full, the CFD No. 2000-3 Bonds Prepayment Account shall be closed.

Monies in the CFD No. 2000-3 Bond Service Fund (and the account therein) shall be invested and deposited in accordance with the CFD No. 2000-3 Bonds Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit shall be retained in the CFD No. 2000-3 Bond Service Fund (and the account therein).

The Fiscal Agent shall transfer any moneys remaining in the CFD No. 2000-3 Bond Service Fund when there are no longer CFD No. 2000-3 Bonds outstanding to the CFD No. 2000-3 Special Tax Fund.

CFD No. 2000-3 Bonds Rebate Fund. The Fiscal Agent shall establish and maintain the CFD No. 2000-3 Bonds Rebate Fund. Subject to the transfer provisions provided in the CFD No. 2000-3 Bonds Fiscal Agent Agreement, all money at any time deposited in the CFD No. 2000-3 Bonds Rebate Fund shall be held by the Fiscal Agent in trust for payment to the United States of America. Neither CFD No. 2000-3 nor the Owner of any CFD No. 2000-3 Bonds shall have any rights in or claim to such money. All amounts on deposit in the CFD No. 2000-3

Bonds Rebate Fund shall be governed by the CFD No. 2000-3 Bonds Fiscal Agent Agreement and by the tax certificate for the CFD No. 2000-3 Bonds.

Investments

Obligations purchased as investments of moneys in any fund or account in which investments are authorized shall be deemed at all times to be a part of such fund or account. Earnings on the investment of any moneys on deposit in the CFD No. 2000-3 Special Tax Fund, the CFD No. 2000-3 Bonds Administrative Expense Fund, the CFD No. 2000-3 Bond Service Fund, or the CFD No. 2000-3 Bonds Rebate Fund shall be held in each such fund or account. Subject to the restrictions set forth in the CFD No. 2000-3 Bonds Fiscal Agent Agreement, moneys in said funds and accounts may be from time to time invested by the Fiscal Agent at the written direction of an Authorized Representative of CFD No. 2000-3, or if no such written direction is given, in Permitted Investments described in clause (15) of the definition thereof so long as:

(a) Moneys in the CFD No. 2000-3 Bonds Administrative Expense Fund shall be invested in obligations that will by their terms mature no later than the date on which moneys must be available to meet scheduled payments of CFD No. 2000-3 Bonds Administrative Expenses; and

(b) Moneys in the CFD No. 2000-3 Bond Service Fund shall be invested only in obligations which will by their terms mature on such dates so as to ensure the payment of principal and interest on the CFD No. 2000-3 Bonds as the same become due.

Subject to the restrictions set forth in the CFD No. 2000-3 Bonds Fiscal Agent Agreement, the Fiscal Agent shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account shall be valued at their original cost. Notwithstanding anything in the CFD No. 2000-3 Bonds Fiscal Agent Agreement to the contrary, the Fiscal Agent shall not be responsible for any loss from any investments authorized pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement.

Covenants of CFD No. 2000-3

Limits on Additional Debt. CFD No. 2000-3 will not mortgage or otherwise encumber, pledge or place any charge upon any of the CFD No. 2000-3 Gross Taxes, and will not issue any obligation or security superior to or on a parity with the CFD No. 2000-3 Bonds, payable in whole or in part from the CFD No. 2000-3 Net Taxes.

Commencement of Foreclosure Proceedings. CFD No. 2000-3 shall cause the City, for and on behalf of CFD No. 2000-3, to annually reconcile CFD No. 2000-3 Special Tax levies and CFD No. 2000-3 Special Tax collections and to order, and cause to be commenced, judicial foreclosure proceedings against (i) parcels with delinquent CFD No. 2000-3 Special Taxes in excess of \$5,000 by October 1 following the close of the Fiscal Year in which such CFD No. 2000-3 Special Taxes were due, and (ii) all properties with delinquent CFD No. 2000-3 Special Taxes by the October 1 following the close of any Fiscal Year in which CFD No. 2000-3 receives the CFD No. 2000-3 Special Taxes in an amount that is less than 95% of the total CFD No. 2000-3 Special Taxes levies. CFD No. 2000-3 shall cause the City, for and on behalf of the CFD No. 2000-3, to diligently prosecute to completion such foreclosure proceedings as may be necessary to collect the delinquent amounts notwithstanding the payment by the County of any CFD No. 2000-3 Special Taxes under a Teeter Plan.

Books and Accounts. CFD No. 2000-3 will keep proper books of records and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the CFD No. 2000-3 Special Tax, and the deposits to the CFD No. 2000-3 Special Tax Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent or of the Owners of the CFD No. 2000-3 Bonds of not less than ten percent (10%) of the aggregate principal amount of the CFD No. 2000-3 Bonds then Outstanding or their representatives authorized in writing.

Tax Covenants. In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the CFD No. 2000-3 Bonds, CFD No. 2000-3 will comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. This covenant shall survive the payment or defeasance of the CFD No. 2000-3 Bonds.

Extension of Payment of CFD No. 2000-3 Bonds. CFD No. 2000-3 shall not directly or indirectly extend the maturity dates of the CFD No. 2000-3 Bonds or the time of payment of interest with respect thereto. Nothing in the CFD No. 2000-3 Bonds Fiscal Agent Agreement shall be deemed to limit the right of CFD No. 2000-3 to issue any securities for the purpose of providing funds for the redemption of the CFD No. 2000-3 Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the CFD No. 2000-3 Bonds.

Protection of Rights. CFD No. 2000-3 will preserve and protect the security of the CFD No. 2000-3 Bonds and the rights of the Owners of the CFD No. 2000-3 Bonds against all claims and demands of all persons, and will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the CFD No. 2000-3 Bonds Fiscal Agent Agreement or in any CFD No. 2000-3 Bond issued pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement and will contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against CFD No. 2000-3 that (i) the Mello-Roos Act is unconstitutional, (ii) the CFD No. 2000-3 Special Tax is invalid, or (iii) the CFD No. 2000-3 Special Taxes cannot be paid by CFD No. 2000-3 for the debt service on the CFD No. 2000-3 Bonds, or (b) any other action affecting the validity of the CFD No. 2000-3 Bonds or diluting the security therefor, including any initiatives pursuant to Section 3 of Article XIII C of the California Constitution, or (c) any assertion by the United States of America or any department or agency thereof or any other person that the interest received by the bondholders is includable in gross income for federal income tax purposes, to the extent there are CFD No. 2000-3 Special Taxes available for such purpose.

No City Covenants. The covenants contained in the CFD No. 2000-3 Bonds Fiscal Agent Agreement are covenants of CFD No. 2000-3 only and anything therein to the contrary notwithstanding, no covenant contained therein shall be deemed to have been made by the City, other than any such covenant it may have made in its capacity as legislative body of CFD No. 2000-3.

Private Activity Bond Limitation. CFD No. 2000-3 shall assure that the proceeds of the CFD No. 2000-3 Bonds are not so used as to cause the CFD No. 2000-3 Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. CFD No. 2000-3 shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the CFD No. 2000-3 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

No Arbitrage. CFD No. 2000-3 shall not take, or permit or suffer to be taken by CFD No. 2000-3, the City, the Fiscal Agent, or otherwise, any action with respect to the proceeds of the CFD No. 2000-3 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the CFD No. 2000-3 Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

Maintenance of Tax-Exemption. CFD No. 2000-3 shall take all actions necessary to assure the exclusion of interest on the CFD No. 2000-3 Bonds from the gross income of the Owners of the CFD No. 2000-3 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the CFD No. 2000-3 Bonds.

Personal Liability

Neither CFD No. 2000-3 nor the City nor any officer, agent, or employee of CFD No. 2000-3 or the City, shall be individually or personally liable for the payment of the principal of or interest on the CFD No. 2000-3 Bonds; but nothing in the CFD No. 2000-3 Bonds Fiscal Agent Agreement contained shall relieve any such entity, officer, agent, or employee from the performance of any official duty provided by law.

Supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreement

Supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreements without CFD No. 2000-3 Bond Owner Consent. CFD No. 2000-3 and the Fiscal Agent, may from time to time, and at any time, without notice to or consent of any of the CFD No. 2000-3 Bond Owners, enter into such supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreements as shall not be inconsistent with the terms and provisions of the CFD No. 2000-3 Bonds Fiscal

Agent Agreement (which supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreements or agreements shall thereafter form a part thereof) for any of the following purposes:

(a) To cure any ambiguity, to correct, or supplement any provision in the CFD No. 2000-3 Bonds Fiscal Agent Agreement which may be inconsistent with any other provision therein, or to make any other provision with respect to matters or questions arising under the CFD No. 2000-3 Bonds Fiscal Agent Agreement or in any supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreement, provided that such action shall not adversely affect the interests of the CFD No. 2000-3 Bond Owners;

(b) To add to the covenants and agreements of and the limitations and the restrictions upon CFD No. 2000-3 contained in the CFD No. 2000-3 Bonds Fiscal Agent Agreement, other covenants, agreements, limitations and restrictions to be observed by CFD No. 2000-3, which are not contrary to or inconsistent with the CFD No. 2000-3 Bonds Fiscal Agent Agreement as theretofore in effect;

(c) To modify, alter, amend, or supplement the CFD No. 2000-3 Bonds Fiscal Agent Agreement for any reason in any other respect which is not materially adverse to the interests of CFD No. 2000-3 Bond Owners.

Supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreement with CFD No. 2000-3 Bond Owner Consent. Exclusive of the supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreements covered by the CFD No. 2000-3 Bonds Fiscal Agent Agreement, the Owners of not less than sixty percent (60%) in aggregate principal amount of the CFD No. 2000-3 Bonds then Outstanding shall have the right to consent to and approve the execution of such supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreements as shall be deemed necessary or desirable for the purpose of waiving, modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the CFD No. 2000-3 Bonds Fiscal Agent Agreement or in any supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreement or agreement; provided, however, that nothing in the CFD No. 2000-3 Bonds Fiscal Agent Agreement shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal of, or the payment date of interest on, any CFD No. 2000-3 Bond, (b) a reduction in the principal amount of any CFD No. 2000-3 Bond or the rate of interest thereon, or (c) a reduction in the aggregate principal amount of the CFD No. 2000-3 Bonds the Owners of which are required to consent to such supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreement, without the consent of the Owners of all CFD No. 2000-3 Bonds then Outstanding. Nothing contained in the CFD No. 2000-3 Bonds Fiscal Agent Agreement, however, shall be construed as making necessary the approval by CFD No. 2000-3 Bond Owners of the execution of any supplemental CFD No. 2000-3 Bonds Fiscal Agent Agreements.

Defeasance

If CFD No. 2000-3 shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding CFD No. 2000-3 Bonds the interest due thereon and the principal thereof, at the times and in the manner stipulated therein and in the CFD No. 2000-3 Bonds Fiscal Agent Agreement, then the Owners of such CFD No. 2000-3 Bonds shall cease to be entitled to the pledge of CFD No. 2000-3 Net Taxes and other amounts pledged under the CFD No. 2000-3 Bonds Fiscal Agent Agreement to the repayment of such CFD No. 2000-3 Bonds, and all covenants, agreements, and other obligations of CFD No. 2000-3 to the Owners of such CFD No. 2000-3 Bonds under the CFD No. 2000-3 Bonds Fiscal Agent Agreement shall thereupon cease, terminate, and become void and be discharged and satisfied, except CFD No. 2000-3's obligations to comply with the tax covenants contained therein. In such event, the Fiscal Agent shall execute and deliver to CFD No. 2000-3 such instruments as may be desirable to evidence such discharge and satisfaction, and, after payment of any amounts due the Fiscal Agent under the CFD No. 2000-3 Bonds Fiscal Agent Agreement, the Fiscal Agent shall pay over or deliver to CFD No. 2000-3 all money or securities held by them pursuant to the CFD No. 2000-3 Bonds Fiscal Agent Agreement that are not required for the payment of the interest due on and the principal of such CFD No. 2000-3 Bonds.

Any Outstanding CFD No. 2000-3 Bond shall be deemed to have been paid within the meaning expressed in the paragraph above if such CFD No. 2000-3 Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such CFD No. 2000-3 Bond, as and when the same becomes due and payable, whether at maturity or by prior redemption;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the CFD No. 2000-3 Special Tax Fund (exclusive of the CFD No. 2000-3 Bonds

Administrative Expense Account) and in the CFD No. 2000-3 Bond Service Fund and available under the terms of the CFD No. 2000-3 Bonds Fiscal Agent Agreement to pay such CFD No. 2000-3 Bond, without reinvestment, is fully sufficient to pay the principal of, premium, if any, and interest on such CFD No. 2000-3 Bond, as and when the same shall become due and payable, whether at maturity or by prior redemption; or

(c) by depositing with the Fiscal Agent, or another escrow bank appointed by CFD No. 2000-3, in trust, noncallable Federal Securities in which CFD No. 2000-3 lawfully invest its money, in such amount as an independent certified public accountant shall determine will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the CFD No. 2000-3 Special Tax Fund (exclusive of the CFD No. 2000-3 Bonds Administrative Expense Account) and in the CFD No. 2000-3 Bond Service Fund and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such CFD No. 2000-3 Bond, as and when the same shall become due and payable, whether at maturity or by prior redemption;

then, notwithstanding that any Outstanding CFD No. 2000-3 Bond shall not have been surrendered for payment, all obligations of CFD No. 2000-3 under the CFD No. 2000-3 Bonds Fiscal Agent Agreement with respect to such CFD No. 2000-3 Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owner of such CFD No. 2000-3 Bond not so surrendered and paid all sums due thereon and except for CFD No. 2000-3's obligations to comply with the tax covenants contained in the CFD No. 2000-3 Bonds Fiscal Agent Agreement.

In connection with a defeasance as described in clause (c) above, an independent certified public accountant shall provide to CFD No. 2000-3 a certificate stating its opinion as to the sufficiency of the moneys and securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the principal of, premium, if any, and interest on any Outstanding CFD No. 2000-3 Bond to be defeased as described above, as and when the same shall become due and payable, whether at maturity or by prior redemption, and an opinion of Bond Counsel (which may rely on the opinion of the independent certified public accountant) to the effect that the CFD No. 2000-3 Bonds being defeased have been legally defeased in accordance with the CFD No. 2000-3 Bonds Fiscal Agent Agreement and that such defeasance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the CFD No. 2000-3 Bonds. Upon a defeasance, the Fiscal Agent shall release the rights of the Owners of such CFD No. 2000-3 Bonds that have been defeased under the CFD No. 2000-3 Bonds Fiscal Agent Agreement and execute and deliver to CFD No. 2000-3 all such instruments provided to it as may be necessary or desirable to evidence such release, discharge, and satisfaction. In the case of a defeasance under the CFD No. 2000-3 Bonds Fiscal Agent Agreement of all Outstanding CFD No. 2000-3 Bonds, the Fiscal Agent shall pay over or deliver to CFD No. 2000-3 any funds, after payment of all fees and expenses of the Fiscal Agent, held by the Fiscal Agent at the time of such defeasance that are not required for the purpose of paying and discharging the principal of, premium, if any, or interest on the CFD No. 2000-3 Bonds when due. The Fiscal Agent shall, at the written direction of CFD No. 2000-3, mail, first class, postage prepaid, a notice to the CFD No. 2000-3 Bond Owners whose CFD No. 2000-3 Bonds have been defeased, in the form directed by CFD No. 2000-3, stating that such defeasance has occurred.

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APPENDIX C

PROPOSED FORMS OF BOND COUNSEL OPINIONS REGARDING THE SERIES A BONDS AND THE SERIES B BONDS

[OPINION FOR SERIES A BONDS]

[Closing Date]

Governing Board
City of Oxnard Financing Authority
300 West Third Street
Oxnard, California 93030

Re: FINAL OPINION
\$19,505,000 City of Oxnard Financing Authority
Local Obligation Revenue Bonds
(2012 Special District Bond Refinancings)
Series A Senior Lien Bonds

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Oxnard Financing Authority (the “Authority”) in connection with the issuance by the Authority of \$19,505,000 aggregate principal amount of City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the “Bonds”), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, and the provisions of an Indenture of Trust, dated as of August 1, 2012 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Authority, dated the date hereof (the “Tax Certificate”), opinions of the City Attorney, certifications of the Authority and others, and such other documents, opinions, and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are expressed only on and as of the date hereof and are based on an analysis of existing laws, regulations, rulings, and judicial decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Changes to existing law may occur hereafter and could have retroactive effect. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this opinion letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted, or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof.

Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions, or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against joint powers authorities in the State of California. We express no opinion with respect to any indemnification, arbitration, contribution, penalty, choice

of law, choice of forum, choice of venue, severability, or waiver provisions contained in the documents mentioned in the previous sentence.

We undertake no responsibility for the accuracy, completeness, or fairness of the Official Statement for the Bonds dated July 31, 2012, or other offering material relating to the Bonds and express no opinion with respect thereto. We express no opinion regarding the perfection or priority of the lien on the Revenues.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income.

Except as stated in paragraph 3 above, we express no opinion as to federal or State of California tax consequences of the ownership of the Bonds. We also express no opinion regarding any other tax consequences with respect to the acquisition, ownership, or disposition of, or the accrual or receipt of interest on, the Bonds.

Respectfully submitted,

[OPINION FOR SERIES B BONDS]

[Closing Date]

Governing Board
City of Oxnard Financing Authority
300 West Third Street
Oxnard, California 93030

Re: FINAL OPINION
\$9,060,000 City of Oxnard Financing Authority
Local Obligation Revenue Bonds
(2012 Special District Bond Refinancings)
Series B Subordinate Lien Bonds

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Oxnard Financing Authority (the “Authority”) in connection with the issuance by the Authority of \$9,060,000 aggregate principal amount of City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the “Bonds”), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, and the provisions of an Indenture of Trust, dated as of August 1, 2012 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Authority, dated the date hereof (the “Tax Certificate”), opinions of the City Attorney, certifications of the Authority and others, and such other documents, opinions, and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are expressed only on and as of the date hereof and are based on an analysis of existing laws, regulations, rulings, and judicial decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Changes to existing law may occur hereafter and could have retroactive effect. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this opinion letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted, or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof.

Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions, or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against joint powers authorities in the State of California. We express no opinion with respect to any indemnification, arbitration, contribution, penalty, choice of law, choice of forum, choice of venue, severability, or waiver provisions contained in the documents mentioned in the previous sentence.

We undertake no responsibility for the accuracy, completeness, or fairness of the Official Statement for the Bonds dated July 31, 2012, or other offering material relating to the Bonds and express no opinion with respect thereto. We express no opinion regarding the perfection or priority of the lien on the Revenues.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income.

Except as stated in paragraph 3 above, we express no opinion as to federal or State of California tax consequences of the ownership of the Bonds. We also express no opinion regarding any other tax consequences with respect to the acquisition, ownership, or disposition of, or the accrual or receipt of interest on, the Bonds.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of [Closing Date], is executed and delivered by the City of Oxnard Financing Authority (the “Authority”) and Wells Fargo Bank, National Association, as trustee and as dissemination agent (the “Dissemination Agent”), in connection with the issuance by the Authority of \$19,505,000 aggregate principal amount of the City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds (the “Series A Bonds”), and \$9,060,000 aggregate principal amount of the City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”). The Bonds are being issued pursuant to the provisions of an Indenture of Trust, dated as of August 1, 2012 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and pursuant to the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, in order to provide funds to purchase the following outstanding obligations: (i) the City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) Limited Obligation Improvement Refunding Bonds, Series 2012 (the “AD Bonds”), (ii) the Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard 2012 Special Tax Refunding Bonds (the “CFD No. 1 Bonds”), and (iii) the City of Oxnard Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) Special Tax Refunding Bonds, Series 2012 (the “CFD No. 2000-3 Bonds” and, together with the AD Bonds and the CFD No. 1 Bonds, the “Acquired Obligations”). The Authority and the Dissemination Agent hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized terms 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 provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Annual Report Date*” shall mean the date in each year that is nine months after the end of the Authority’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“*Dissemination Agent*” shall mean, initially, Wells Fargo Bank, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the Authority, and which has filed with the then current Dissemination Agent 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.

“*Official Statement*” shall mean the Official Statement relating to the Bonds.

“*Participating Underwriter*” shall mean Stifel, Nicolaus & Company, Incorporated dba Stone & Youngberg, a Division of Stifel Nicolaus, the original underwriter 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 Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provisions of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2013, provide to MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) calendar days prior to each such Annual Report Date, the Authority shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the Authority. The Annual Report must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City (which include information regarding the funds and accounts of the Authority), if any, may be submitted separately from and later than the balance of the Annual Report if they are not available by the applicable Annual Report Date. If the Authority's fiscal year changes, the Authority shall provide written notice of such change in the same manner as for a Listed Event under Section 5(c). The Authority 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 hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority and shall have no duty or obligation to review such Annual Report.

(b) If the Authority is unable to provide to MSRB an Annual Report by the date required in subsection (a), the Dissemination Agent shall send to MSRB a notice in substantially the form attached hereto as Exhibit A. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

(c) The Dissemination Agent shall:

1. provide any Annual Report received by it to MSRB by the date required in subsection (a); and
2. file a report with the Authority and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided to MSRB pursuant to this Disclosure Agreement, and stating the date the Annual Report was so provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City, which include information regarding the funds and accounts of the Authority, if any, for the most recent fiscal year of the City then ended. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the City in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the City shall be audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the City shall modify the basis upon which its financial statements are prepared, the Authority shall provide a notice of such modification to MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) The following information with respect to the City, the Authority, and the Bonds:

1. Principal amount of the Bonds (including principal amount and years of maturity of Bonds, if any, called for redemption in advance of maturity) outstanding as of the September 3 preceding the filing of the Annual Report.
2. Balance in the funds and accounts established under the Indenture as of the September 3 preceding the filing of the Annual Report.

3. If the amount on deposit in the Senior Reserve Fund (taking into account any reserve fund surety bond or insurance policy) is less than the Senior Reserve Requirement, the amount of such delinquency.

4. If the amount on deposit in the Subordinate Reserve Fund is less than the Subordinate Reserve Requirement, the amount of such deficiency.

5. A discussion of the status of any foreclosure proceedings commenced against parcels in the City of Oxnard Assessment District No. 2001-1 (Rice Avenue/Highway 101 Interchange) (the "Assessment District"), Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard ("CFD No. 1"), or Community Facilities District No. 2000-3 (Oxnard Boulevard/Highway 101 Interchange) ("CFD No. 2000-3") and, together with the Assessment District and CFD No. 1, the "Districts").

(c) An update of the information included in the following tables in the Official Statement for the fiscal year preceding the filing of the Annual Report:

- TABLE 1 – Summary of Assessed Values of Property in Assessment District;
- TABLE 4 – Summary of Assessed Values of Property in CFD No. 1;
- TABLE 7 – Summary of Assessed Values of Property in CFD No. 2000-3;
- TABLE 14 – Levies and Delinquencies in Assessment District;
- TABLE 16 – Levies and Delinquencies in CFD No. 1;
- TABLE 18 – Levies and Delinquencies in CFD No. 2000-3;
- TABLE 23 – Aggregate Assessed Value of Property in Districts; and
- TABLE 26 – Aggregate Levies and Delinquencies in Districts.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City, the Authority, or related public entities, which are available to the public on MSRB's Internet website or filed with the Securities and Exchange Commission. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, not in excess of 10 business days after the occurrence of any of the following events, notice of the occurrence of such event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on any reserve fund for the Bonds reflecting financial difficulties.
4. Unscheduled draws on any credit enhancements securing the Bonds reflecting financial difficulties.
5. Substitution of any credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, 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 security or other material events affecting the tax status of the security.

7. Modifications to rights of owners of the Bonds, if material.
8. Bond calls, if material, and tender offers for the Bonds.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.

12. Bankruptcy, insolvency, receivership, or similar event of the Authority, the City, CFD No. 1, or CFD No. 2000-3 [this Listed Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority, the City, CFD No. 1, or CFD No. 2000-3 in a proceeding under the U.S. 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 Authority, the City, CFD No. 1, or CFD No. 2000-3, 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 Authority, the City, CFD No. 1, or CFD No. 2000-3].

13. Consummation of a merger, consolidation, or acquisition involving the Authority, the City, CFD No. 1, or CFD No. 2000-3, or the sale of all or substantially all of the assets of the Authority, the City, CFD No. 1, or CFD No. 2000-3, 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.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon and after the occurrence of a Listed Event listed under subsection (a)(2), (a)(7), (a)(8), (a)(10), (a)(13), or (a)(14) above, the Authority shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Authority determines that knowledge of the occurrence of such Listed Event would be material under applicable federal securities laws, the Authority shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(c) Upon and after the occurrence of any Listed Event (other than a Listed Event listed under subsection (a)(2), (a)(7), (a)(8), (a)(10), (a)(13), or (a)(14) above), the Authority shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(d) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with MSRB not in excess of 10 business days after the occurrence of such Listed Event. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Indenture. The Authority hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Authority and that the Trustee or the Dissemination Agent shall not be responsible for determining whether the Authority's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the Authority and the Dissemination Agent 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 Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Authority 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 may resign by providing thirty days written notice to the Authority and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Authority. 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 Authority in a timely manner and in a form suitable for filing. If at any time there is no designated Dissemination Agent, the Authority shall act as the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived; provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature, or status of the Authority or the type of business conducted thereby;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by owners of the Bonds in the manner provided in the Indenture for amendments to such Indenture with the consent of owners, or (ii) does not, in the opinion of the Authority or nationally recognized bond counsel, materially impair the interest of owners of the Bonds.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority 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 Authority 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 Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, any owner of a Bond, Participating Underwriter, or Trustee may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and save the Dissemination Agent and its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it 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 negligence or willful misconduct. The obligations of the Authority under this section shall survive resignation or removal of the Dissemination Agent and payment of all of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the Authority pursuant to this Disclosure Agreement. The Authority shall pay the reasonable fees and expenses of the Dissemination Agent for its duties hereunder.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Authority, the Dissemination Agent, the Trustee, the Participating Underwriter, and the owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. 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.

Date: [Closing Date]

CITY OF OXNARD FINANCING AUTHORITY

By: _____
James Cameron, Controller

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT
NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Oxnard Financing Authority

Names of Bond Issues: City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series A Senior Lien Bonds, and

City of Oxnard Financing Authority Local Obligation Revenue Bonds (2012 Special District Bond Refinancings), Series B Subordinate Lien Bonds

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the City of Oxnard Financing Authority (the "Authority") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated [Closing Date], by and among the Authority, the City of Oxnard, and Wells Fargo Bank, National Association, as trustee and dissemination agent. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The information concerning DTC set forth herein has been supplied by The Depository Trust Company ("DTC"), and the Authority assumes no responsibility for the accuracy thereof:

DTC will act as securities depository for the Bonds. The Bonds will be issued 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 Bond certificate will be issued for each maturity of the Bonds, each in a principal amount of such maturity, and will be deposited with DTC. The following description of DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the City or the Authority, and neither the City nor the Authority shall have any liability with respect thereto. Neither the City nor the Authority shall have any responsibility or liability for any aspects of the records maintained by DTC relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Bonds.

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 its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The foregoing internet address is included for reference only and the information on the internet site is not a part of this Official Statement or incorporated by reference into the Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information included in such internet site.*

Purchases of the Bonds under the DTC 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 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 Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners or 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 City or 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).

Principal and interest with respect to 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 City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 City or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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 depository with respect to the Bonds at any time by giving reasonable notice to the City, the Authority, or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The City or the Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT THE AUTHORITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

APPENDIX F-1

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR CFD NO. 1

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
COMMUNITY FACILITIES DISTRICT NO. 1 (WESTPORT AT MANDALAY BAY)
OF THE CITY OF OXNARD**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Community Facilities District No. 1 (Westport at Mandalay Bay) of the City of Oxnard ("CFD No. 1") and collected each Fiscal Year commencing in Fiscal Year 2002-03, in an amount determined by the Council through the application of the appropriate Special Tax for "Developed Property," "Property Owner Association Property," "Taxable Public Property," and "Undeveloped Property" as described below. All of the real property in CFD No. 1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final Map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 1 or any designee thereof complying with City, CFD No. 1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 1 for any other administrative purposes of CFD No. 1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 1 under this Act.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 1” means Community Facilities District No. 1 (Westport at Mandalay Bay) of the City.

“City” means the City of Oxnard.

“Condominium Property” means all Assessor’s Parcels of Residential Property which are designated as CVC in the Oxnard Local Coastal Program as depicted in the zoning map included as Exhibit A to the Rate and Method of Apportionment.

“Council” means the City Council of the City, acting as the legislative body of CFD No. 1.

“County” means the County of Ventura.

“Developed Property” means, for each Fiscal Year, all Taxable Property, exclusive of Property Owner Association Property, or Taxable Public Property, for which a building permit for new construction was issued as of January 1 of the previous Fiscal Year.

“Duplex Property” means all Assessor’s Parcels of Residential Property which are designated as R-2-C in the Oxnard Local Coastal Program as depicted in the zoning map included as Exhibit A to the Rate and Method of Apportionment.

“Fiscal Year” means the period from July 1 of any calendar year through June 30 of the following calendar year.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, modified, amended and/or supplemented from time to time.

“Land Use Codes” means any classes listed in Table 1.

“Lot Size” for any Assessor’s Parcel of Single Family Property means the Acreage multiplied by 43,560.

“Maximum Special Tax” means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel.

“Non-Residential Floor Area” for any Non-Residential Property means the total of the gross area of the floor surfaces within the exterior wall of the building, not including space devoted to stairwells, basement storage, required corridors, public restrooms, elevator shafts, light courts, vehicle parking and areas incident thereto, mechanical equipment incidental to the operation of such building, and covered public pedestrian circulation areas, including atriums, lobbies, plazas, patios, decks, arcades, and similar areas, except such public circulation areas or portions thereof that are used solely for commercial purposes. The determination of Non-Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor’s Parcel.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) was issued for a non-residential use.

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under the Indenture.

“Property Owner Association Property” means, for each Fiscal year, any Assessor’s Parcel within the boundaries of CFD No. 1 that was owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association, as of January 1 of the previous Fiscal Year. However, any property which constitutes the “pad-area” under a residential or non-residential building shall not be considered Property Owner Association Property.

“Proportionately” means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped

Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

"Public Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 1 that was owned by or irrevocably offered for dedication to the federal government, the State, the City or any other public agency as of January 1 of the previous Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use; or (ii) any property within the boundaries of CFD No. 1 that was encumbered, as of January 1 of the previous Fiscal Year, but an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Single Family Property" means all Assessor's Parcels of Residential Property which are designated as R-W-1 in the Oxnard Local Coastal Program as depicted in the zoning map included as Exhibit A to the Rate and Method of Apportionment.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property, Undeveloped Property, Property Owner Association Property, and Taxable Public Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 1 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of CFD No. 1 facilities eligible under the Act; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 1 which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Public Property" means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

"Townhouse Property" means all Assessor's Parcels of Residential Property which are designated as R-3-C in the Oxnard Local Coastal Program as depicted in the zoning map included as Exhibit A of the Rate and Method of Apportionment.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Property Owner Association Property, or Taxable Public Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 1 shall be classified as Developed Property, Taxable Public Property, Property Owner Association Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Section C and D below. Residential Property shall be assigned to Land Use Classes 1 through 6 based on the type of use and the Lot Size, as applicable. Non-Residential Property shall be assigned to Land Use Class 7.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Assigned Special Tax for Fiscal Year 2002-03 for each Land Use Class is shown below in Table 1.

TABLE 1
Assigned Special Taxes for Developed Property
For Fiscal Year 2002-03
Community Facilities District No. 1

| Land Use Class | Land Use | Description | Assigned Special Tax |
|-----------------------|--------------------------|-----------------------------|-------------------------------------------------|
| 1 | Single Family Property | Lot Size > 5,500 s.f. | \$4,025.57 per unit |
| 2 | Single Family Property | Lot Size 4,500 – 5,500 s.f. | \$3,817.92 per unit |
| 3 | Single Family Property | Lot Size < 4,500 s.f. | \$3,001.48 per unit |
| 4 | Duplex Property | NA | \$1,868.85 per unit |
| 5 | Townhouse Property | NA | \$1,359.16 per unit |
| 6 | Condominium Property | NA | \$1,156.23 per unit |
| 7 | Non-Residential Property | NA | \$0.6993 per s.f. of Non-Residential Floor Area |

c. Backup Special Tax

The Fiscal Year 2002-03 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$0.6576 per square foot of the Assessor's Parcel.

d. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2003, the Assigned Special Tax and the Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

e. Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel shall be the sum of the Assigned Special Tax for all Land Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each

type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. Undeveloped Property, Property Owner Association Property, and Taxable Public Property

a. Maximum Special Tax

The Fiscal Year 2002-03 Maximum Special Tax for Undeveloped Property, Property Owner Association Property, and Taxable Public Property shall be \$28,646 per Acre.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2003, the Maximum Special Tax for Undeveloped Property, Property Owner Association Property, and Taxable Public Property, shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF SPECIAL TAX

Commencing with Fiscal Year 2002-03 and for each following Fiscal Year, the Council shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Property Owner Association Property and Taxable Public Property at up to the Maximum Special Tax for Property Owner Association Property or Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency of default by the owner of any other Assessor's Parcel within CFD No. 1.

E. EXEMPTIONS

No Special Tax shall be levied on up to 30.72 acres of Public Property. Tax-Exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property. However, should an Assessor's Parcel no longer be classified as Public Property its tax-exempt status will be revoked.

Public Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payments of the Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that CFD No. 1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities" means either \$6.9 million in 2001 dollars, which shall increase by the Construction Inflation Index on July 1, 2002, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 1 under the authorized bonding program for CFD No. 1, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

"Construction Fund" means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance public facilities costs.

"Outstanding Bonds" means all previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all Bonds that have been issued by CFD No. 1 prior to the date of prepayment.

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

| | |
|------------------------|------------------------------------|
| Bond Redemption Amount | |
| plus | Redemption Premium |
| plus | Future Facilities Amount |
| plus | Defeasance Amount |
| plus | Administrative Fees and Expenses |
| less | Reserve Fund Credit |
| less | <u>Capitalized Interest Credit</u> |
| Total: | equals Prepayment Amount |

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
2. (a) Divide the Assigned Special Tax computed pursuant to paragraph 1 by the total estimated Assigned Special Taxes for the entire CFD No. 1 based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 1, excluding any Assessor's Parcels which have been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 1 by the total estimated Backup Special Taxes at buildout for the entire CFD No. 1, excluding any Assessor's Parcels which have been prepaid.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
5. Compute the current Future Facilities Costs.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to compute the amount of the Future Facilities Costs to be prepaid (the "Future Facilities Amount").

7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 7 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 4, 6, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 4, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 1.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of the Assigned Special Taxes that may be levied on Taxable Property within CFD No. 1 both prior to and

after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

I. TERMS OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed forty years, commencing in Fiscal Year 2002-2003.

PRODUCT KEY

- 8,500 SF
- 5,000 SF
- 4,000 SF
- 3,500 SF DUPLEX
- 2,400 SF TOWNHOUSES

Westport at Mandalay Bay

PRODUCT TYPE LOCATION

EXHIBIT

APR 25, 2001

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APPENDIX F-2

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR CFD NO. 2000-3

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in Community Facilities District No. 2000-3 (Oxnard Blvd./Highway 101 Interchange), City of Oxnard, Ventura County, California (herein CFD No. 2000-3), shall be levied and collected according to the tax liability determined by the City Council of the City of Oxnard or its designee, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in CFD No. 2000-3, unless exempted by law, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

"Acre or Acreage" means the land of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map, parcel map, or other recorded County parcel map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds of CFD No. 2000-3, and the expenses of the City in carrying out its duties for such Bonds, including, but not limited to, the levying and collection of the Special Tax, the fees and expenses of its counsel, charges levied by the County Auditor's Office, Tax Collector's Office, and/or Treasurer's Office, amounts needed to pay rebate to the federal government with respect to any of such bonds, costs associated with complying with continuing disclosure requirements, and all other costs and expenses of the City in any way related to the establishment or administration of CFD No. 2000-3.

"Administrator" shall mean the person or firm designated by the City to administer the Special Tax according to this Rate and Method of Apportionment of Special Tax.

"Annual Special Tax" means an amount levied in any Fiscal Year to pay the Special Tax Requirement.

"Assessor's Parcel" or **"Parcel"** means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the County Assessor of the County of Ventura designating parcels by Assessor's Parcel Number.

"Bond Year" means the period from October 2 of any calendar year through October 1 of the following calendar year.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2000-3 under the Act.

"CFD No. 2000-3" means Community Facilities District No. 2000-3 (Oxnard Blvd./Highway 101 Interchange), City of Oxnard, County of Ventura, State of California.

"Council" means the City Council, City of Oxnard, County of Ventura, State of California.

"District" means CFD No. 2000-3.

"Fiscal Year" means the period from July 1st of any calendar year through June 30th of the following calendar year.

"Interest Payment Dates" means April 1 and October 1 of each Bond Year during the term of the Bonds.

“Maximum Annual Special Tax” means the Maximum Annual Special Tax as defined in Section III.

“Prepayment Parcel” means any Parcel in the District on which the entire Special Tax Obligation is paid prior to the maturity of the Bonds.

“Property” means legal parcels (as of January 1 of the previous Fiscal Year, or later if adjustments are made after that date by the Ventura County Assessor and Treasurer/Tax Collector) of real property in private ownership within CFD No. 2000-3.

“Reserve Requirement” means the amount required for a fully funded Reserve Fund which is equal to the maximum annual debt service on the Bonds.

“Special Tax” means the special tax that may be levied on any Property for any Fiscal Year, and may be levied as long as necessary to discharge authorized Bond obligations of CFD No. 2000-3 or forty years after Fiscal Year 2001-2002 whichever comes earlier.

“Special Tax Obligation” means the total obligation of a Parcel or Parcels of Property to pay Special Taxes for the remaining life of CFD No. 2000-3.

“Special Tax Rate” means a parcel's portion of the total Special Tax Obligation as shown in Section III.

“Special Tax Requirement” is an amount to be determined annually by the Administrator for each Fiscal Year until the Special Tax Obligation is satisfied. It shall be comprised of the amount necessary to pay the authorized costs and expenses of CFD No. 2000-3 including Administrative Expenses of CFD No. 2000-3, to pay debt service on the bonds for the Bond Year commencing during such Fiscal Year, less all other amounts, from any lawful source, available for payment of these costs.

“Subsequent Parcel” means an Assessor's Parcel of Taxable Property created by the reconfiguration or subdivision of an existing Assessor's Parcel within CFD No. 2000-3.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of CFD No. 2000-3 which are not exempt from the Special Tax pursuant to law.

B. DETERMINATION OF TAXABLE PARCELS

On May 1 of each Fiscal Year, the Administrator shall determine whether the Assessor's Parcel Numbers are valid Parcel numbers for the current Fiscal Year. If any Parcel numbers are no longer valid, the Administrator shall determine the new Parcel number or numbers that are in effect for the Fiscal Year. To the extent a Parcel or Parcels are subdivided, consolidated or otherwise reconfigured, the Special Tax Rate shall be reallocated to the new Assessor's Parcels based upon net acreage. At no time shall a reconfiguration of any Assessor's Parcel in CFD No. 2000-3 result in a reduction of the total Maximum Annual Special Tax within CFD No. 2000-3.

C. MAXIMUM ANNUAL SPECIAL TAX – METHOD OF APPORTIONMENT

All property shall be subject to a Maximum Annual Special Tax defined in the following Table.

The Special Tax shall be levied each Fiscal Year by the Administrator. The Special Tax Requirement shall be apportioned to each Parcel within the District by the Special Tax Rate multiplier in the table below:

| APN | SPECIAL TAX RATE (%) | MAXIMUM SPECIAL TAX (\$) |
|---------------|-----------------------------|---------------------------------|
| 132-0-020-200 | 0.032595512 | 37,567.60 |
| 132 0 020 210 | 0.000550573 | 634.56 |
| 132 0 020 220 | 0.002010788 | 2,317.51 |
| 132 0 020 240 | 0.001093167 | 1,259.92 |
| 132 0 020 260 | 0.002425713 | 2,795.73 |
| 132 0 020 375 | 0.081021991 | 93,381.00 |
| 132 0 020 385 | 0.161948230 | 186,651.65 |
| 132 0 020 395 | 0.310507165 | 357,871.59 |
| 132 0 031 060 | 0.000941559 | 1,085.18 |
| 132 0 031 120 | 0.002345919 | 2,703.76 |
| 132 0 032 010 | 0.001484153 | 1,710.54 |
| 132 0 032 050 | 0.000941559 | 1,085.18 |
| 132 0 032 080 | 0.000598449 | 689.74 |
| 132 0 032 090 | 0.000598449 | 689.74 |
| 132 0 032 100 | 0.000550573 | 634.56 |
| 132 0 032 120 | 0.000781973 | 901.25 |
| 132 0 032 130 | 0.000055855 | 64.38 |
| 132 0 032 145 | 0.001699595 | 1,958.85 |
| 132 0 032 155 | 0.000055855 | 64.38 |
| 132 0 060 050 | 0.000207462 | 239.11 |
| 132 0 060 145 | 0.001069229 | 1,232.33 |
| 132 0 060 155 | 0.000430883 | 496.61 |
| 132 0 100 045 | 0.004213080 | 4,855.74 |
| 132 0 100 055 | 0.007045737 | 8,120.49 |
| 132 0 100 085 | 0.002274106 | 2,621.00 |
| 132 0 100 095 | 0.005122722 | 5,904.14 |
| 132 0 100 105 | 0.009615078 | 11,081.75 |
| 132 0 100 115 | 0.002657113 | 3,062.43 |
| 132 0 100 145 | 0.000207462 | 239.11 |
| 132 0 100 155 | 0.013309502 | 15,339.72 |
| 139 0 050 140 | 0.000478759 | 551.79 |
| 139 0 050 225 | 0.000239380 | 275.89 |
| 139 0 250 035 | 0.014442565 | 16,645.62 |
| 142 0 010 065 | 0.000255338 | 294.29 |
| 142 0 010 205 | 0.005593502 | 6,446.73 |
| 142 0 010 215 | 0.001460215 | 1,682.95 |
| 142 0 010 255 | 0.000143628 | 165.54 |
| 142 0 010 275 | 0.019708914 | 22,715.29 |
| 142 0 010 295 | 0.000622387 | 717.33 |
| 142 0 010 305 | 0.004667901 | 5,379.94 |
| 142 0 010 325 | 0.042681370 | 49,191.94 |

| APN | SPECIAL TAX RATE (%) | MAXIMUM SPECIAL TAX (\$) |
|-------------------|-----------------------------|---------------------------------|
| 142 0 010 345 | 0.016421436 | 18,926.35 |
| 142 0 010 375 | 0.000167566 | 193.13 |
| 142 0 010 385 | 0.000534614 | 616.16 |
| 142 0 010 395 | 0.002896492 | 3,338.32 |
| 142 0 010 405 | 0.005202515 | 5,996.10 |
| 142 0 010 415 | 0.000199483 | 229.91 |
| 142 0 010 425 | 0.002896492 | 3,338.32 |
| 142 0 010 435 | 0.034702052 | 39,995.47 |
| 142 0 010 455 | 0.042657432 | 49,164.35 |
| 142 0 010 475 | 0.001069229 | 1,232.33 |
| 142 0 021 010 | 0.010405030 | 11,992.20 |
| 142 0 021 070 | 0.005202515 | 5,996.10 |
| 142 0 021 080 | 0.002641154 | 3,044.03 |
| 142 0 021 100 | 0.000111710 | 128.75 |
| 142 0 021 120 | 0.003742300 | 4,313.15 |
| 142 0 021 160 | 0.003710383 | 4,276.36 |
| 142 0 021 170 | 0.007364910 | 8,488.35 |
| 142 0 022 535 | 0.019389742 | 22,347.43 |
| 142 0 022 575 | 0.048673837 | 56,098.50 |
| 142 0 235 140 | 0.004691839 | 5,407.53 |
| 142 0 235 150 | 0.006646772 | 7,660.66 |
| 142 0 235 160 | 0.004691839 | 5,407.53 |
| 142 0 235 170 | 0.001524050 | 1,756.53 |
| 215 0 030 040 | 0.024097539 | 27,773.35 |
| 215 0 010 100 | 0.011705659 | 13,491.23 |
| 66 PARCELS | 1.000000000% | \$1,152,539.00 |

D. REALLOCATION OF THE MAXIMUM SPECIAL TAX

If a Parcel subdivides in future Fiscal Years, the Special Tax Rate of such Subsequent Parcels shall be determined by combining (if applicable) the Special Tax Rate of all affected Parcels and prorating the total Special Tax Rate of all affected Parcels to each Subsequent Parcel according to net acreage.

If a parcel prepays the Special Tax Obligation, the Special Tax Rate for the remaining parcels shall be recalculated prorata so that the total Special Tax Rate for all remaining parcels equals exactly 1 (one).

E. FORMULA FOR PREPAYMENT OF SPECIAL TAX OBLIGATIONS

The entire Special Tax Obligation for a Parcel may be prepaid on any interest date by following the procedure set forth below: (There is no provision for a partial prepayment)

- a. The Parcel must not be delinquent in any payment of Special Tax. Prepayment hereunder shall not relieve any property owner from paying those Special Taxes which have already become due and payable, and the Notice of Cancellation of Special Tax Lien shall not be recorded until those Special Taxes have been paid.

- b. A special Tax prepayment must be made at least sixty (60) days prior to the next Bond Interest Payment Date, or the payoff calculation will be adjusted to the following Interest Payment Date.
- c. Determine the Parcel's prorated share of its Special Tax responsibility by calculating the following, as of the payoff date.

$$(STR \times P) + (STR \times I) + C + AE - LC - RC = \text{Payoff Amount}$$

STR = Special Tax Rate per Section III

P = Total outstanding CFD No. 2000-3 Bond principal

I = Total Interest to the next bond call date

C = Call premium on the parcel's prepaid principal

AE = Administrative expenses related to the Bond call

LC = Levy Credit for Special Taxes paid on the current tax roll
(includes Capitalized Interest funds)

RC = Reserve Fund Credit

- d. The percentage under "c" above regarding outstanding bond principal shall be applied to the total amount of outstanding bonded indebtedness of CFD No. 2000-3. The total amount of outstanding bonded indebtedness of CFD No. 2000-3 shall be calculated as of the date through which principal has already been paid (do not include Special Taxes which have already become due and payable).
- e. The Parcel's share of interest to the next call date on the outstanding bonds as calculated in "c" above shall be determined by calculating the Parcel's prorated share of the total outstanding bond issue's interest for the applicable six (6) month interest period as determined in "b" above.
- f. A levy credit shall be given for Special Taxes paid on the current property tax roll in payment of the Parcel's prorated share of one half of that year's Special Tax levy (principal and interest) for the applicable prepayment interest period.
- g. A reserve fund credit shall be given to the extent that the maximum annual debt service on the bonds is reduced due to a bond call resulting from the parcel's prepayment. Bonds shall be called in such a way as to maintain the ratio of outstanding bonds to originally issued bonds in each annual series insofar as possible.

F. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Annual Special Tax shall be levied on Public Property, except as otherwise provided in the "Engineer's Report for Financing Districts" prepared by Penfield and Smith.

G. INTERPRETATION OF RATE AND METHOD OF APPORTIONMENT

The Council reserves the right to make minor administrative and technical changes to this document that do not materially affect the Rate and Method of Apportioning the Maximum Annual Special Tax. In addition, the interpretation and application of any Section of this document shall be left to the Council's discretion.

H. MANNER AND DURATION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that prepayments are permitted as set forth in Section F above and provided further that the City may directly bill the Special Tax, may collect the Annual Special Tax at a different time or in a different manner if needed to meet the financial obligations of CFD No. 2000-3, and may collect delinquent Annual Special Taxes through foreclosure or other available methods.

A Special Tax shall be levied and collected within CFD No. 2000-3 until the Bonds have been fully repaid, however, not to exceed forty years, commencing in Fiscal Year 2001-2002.

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APPENDIX G

ASSESSMENT DISTRICT PARCELS

| <u>Parcel No.</u> | <u>Owner</u> | <u>Acreage</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Value</u> | <u>Unbilled Principal</u> | <u>Value-to-Lien Ratio</u> |
|-------------------|------------------------------------------|----------------|-------------------|------------------------|--------------------|---------------------------|----------------------------|
| 144-0-120-125 | GASPROM INC | 0.719 | 643,656 | 557,094 | 1,200,750 | 10,866.54 | 110.50 |
| 144-0-120-145 | 2300 AUTO CENTER DR LP | 3.850 | 1,109,309 | 4,233,501 | 5,342,810 | 33,895.03 | 157.63 |
| 144-0-120-175 | 2300 AUTO CENTER DR LP | 0.620 | 183,735 | 708,659 | 892,394 | 5,634.67 | 158.38 |
| 144-0-150-025 | DRAINE R CAMERON & CYNTHIA K & ODELL DON | 2.336 | 675,497 | 0 | 675,497 | 35,316.25 | 19.13 |
| 144-0-150-065 | GIBBS EDWARD A & PATTI D TRUST | 6.000 | 1,450,967 | 1,784,414 | 3,235,381 | 48,991.21 | 66.04 |
| 144-0-150-075 | GIBBS EDWARD A & PATTI D | 2.730 | 781,044 | 1,560,185 | 2,341,229 | 41,202.29 | 56.82 |
| 144-0-150-095 | WELLS & CECO LP & WELLS LLOYD H TR 1 | 1.630 | 46,293 | 0 | 46,293 | 13,398.60 | 3.46 |
| 144-0-150-105 | O | 4.340 | 3,302,965 | 686,334 | 3,989,299 | 35,674.81 | 111.82 |
| 149-0-082-040 | GLASBY ROBERT R | 0.460 | 51,699 | 0 | 51,699 | 7,093.44 | 7.29 |
| 149-0-100-415 | SCHALTINAT KLAUS D & ELLI TR | 0.344 | 40,805 | 70,553 | 111,358 | 2,794.80 | 39.84 |
| 149-0-100-420 | SCHALTINAT KLAUS D & ELLI TR | 0.511 | 102,867 | 12,578 | 115,445 | 7,848.06 | 14.71 |
| 213-0-051-015 | SOLAR DRIVE BUSINESS LLC | 3.430 | 2,422,000 | 4,678,500 | 7,100,500 | 39,903.78 | 177.94 |
| 213-0-051-025 | SOLAR DRIVE BUSINESS LLC | 2.469 | 1,715,000 | 3,696,000 | 5,411,000 | 28,735.37 | 188.30 |
| 213-0-051-035 | SOLAR DRIVE BUSINESS LLC | 3.250 | 2,298,000 | 4,445,000 | 6,743,000 | 37,809.70 | 178.34 |
| 213-0-052-025 | KATSENE DIANA L SURV TR | 1.707 | 1,040,000 | 3,007,000 | 4,047,000 | 18,730.26 | 216.07 |
| 213-0-052-085 | SOLAR DRIVE BUSINESS LLC | 1.200 | 791,000 | 83,000 | 874,000 | 11,982.71 | 72.94 |
| 213-0-052-095 | OUTBACK INVESTORS LLC | 1.380 | 904,894 | 1,054,670 | 1,959,564 | 14,309.45 | 136.94 |
| 213-0-052-105 | SUNBELT ENTERPRISES LLC | 1.180 | 331,096 | 3,405,933 | 3,737,029 | 12,215.38 | 305.93 |
| 213-0-052-125 | SUNBELT ENTERPRISES LLC | 7.400 | 2,900,000 | 13,824,000 | 16,724,000 | 78,178.54 | 213.92 |
| 213-0-052-135 | MIAN EXTENDED STAY INC | 3.760 | 1,259,761 | 12,051,878 | 13,311,639 | 43,732.10 | 304.39 |
| 213-0-052-145 | WYCHE OAK PARK APARTMENTS | 2.710 | 912,235 | 12,096,361 | 13,008,596 | 31,538.29 | 412.47 |
| 213-0-070-045 | GENERAL TELEPHONE CO LESSEE & FLAG PROPE | 7.669 | 0 | 0 | 0 | 89,230.89 | 0.00 |
| 213-0-070-055 | FLAG PROPERTIES LESSOR & GTE CALIFORNIA | 3.689 | 0 | 0 | 0 | 42,928.55 | 0.00 |
| 213-0-070-075 | VENTURA COUNTY COASTAL ASSOC | 1.230 | 477,223 | 1,833,035 | 2,310,258 | 14,309.52 | 161.45 |
| 213-0-070-085 | CHANNEL ISLANDS SURGICENTER | 1.369 | 710,241 | 2,675,664 | 3,385,905 | 15,938.24 | 212.44 |
| 213-0-070-115 | COFAT VENTURE LP | 2.640 | 1,725,000 | 4,625,000 | 6,350,000 | 30,713.11 | 206.75 |
| 213-0-070-125 | SUNBELT ENTERPRISES LLC | 2.900 | 811,538 | 5,985,062 | 6,796,600 | 33,737.74 | 201.45 |
| 213-0-070-135 | SUNBELT ENTERPRISES LLC | 3.120 | 771,343 | 5,415,811 | 6,187,154 | 36,297.15 | 170.46 |
| 213-0-083-165 | ESSEX TIERRA VISTA LP | 16.570 | 8,299,477 | 57,127,870 | 65,427,347 | 100,340.76 | 652.05 |
| 213-0-084-055 | WANKEL WAY ASSOCIATES | 0.689 | 238,129 | 1,702,453 | 1,940,582 | 8,027.29 | 241.75 |
| 213-0-084-065 | VENTURA COUNTY OF | 3.010 | 0 | 0 | 0 | 35,017.60 | 0.00 |
| 213-0-084-075 | VENTURA COUNTY OF | 2.960 | 0 | 0 | 0 | 34,435.91 | 0.00 |
| 213-0-084-085 | KARSIN OXNARD CO LLC | 2.810 | 1,849,594 | 6,311,415 | 8,161,009 | 32,690.85 | 249.64 |
| 213-0-084-095 | SAN WALL PROPERTIES LLC | 1.580 | 527,497 | 4,986,242 | 5,513,739 | 18,381.25 | 299.97 |
| 213-0-084-105 | BONES BUILDERS LLC | 1.500 | 768,484 | 0 | 768,484 | 17,450.63 | 44.04 |
| 213-0-090-185 | VENTI A JR TR & 7 & ELEVEN INC LESSEE | 1.020 | 990,456 | 181,109 | 1,171,565 | 11,852.49 | 98.85 |

| <u>Parcel No.</u> | <u>Owner</u> | <u>Acreage</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Value</u> | <u>Unbilled Principal</u> | <u>Value-to-Lien Ratio</u> |
|-------------------|------------------------------------|----------------|-------------------|------------------------|--------------------|---------------------------|----------------------------|
| 213-0-090-195 | BODY SHAPING INVESTMTS LLC | 3.190 | 1,384,651 | 3,799,986 | 5,184,637 | 37,068.12 | 139.87 |
| 213-0-090-215 | MEF REALTY LLC | 13.380 | 14,535,000 | 22,260,000 | 36,795,000 | 155,891.61 | 236.03 |
| 214-0-011-025 | PARKHOUSE JAMES TR | 1.250 | 893,637 | 922,464 | 1,816,101 | 11,004.88 | 165.03 |
| 214-0-011-035 | SIMPSON HOUSE MOVERS INC | 1.050 | 204,396 | 106,448 | 310,844 | 9,244.10 | 33.63 |
| 214-0-011-065 | MISSION LINEN SUPPLY | 2.180 | 123,907 | 388,344 | 512,251 | 19,192.51 | 26.69 |
| 214-0-011-075 | EHAC REALTY LLC | 0.750 | 277,323 | 844,077 | 1,121,400 | 6,602.92 | 169.83 |
| 214-0-011-095 | SKOBLICK KEVIN J & FRANCES J | 0.750 | 232,293 | 612,423 | 844,716 | 6,602.92 | 127.93 |
| 214-0-011-125 | TIME WARNER NY CABLE LLC | 1.500 | 666,663 | 1,573,329 | 2,239,992 | 13,205.86 | 169.62 |
| 214-0-012-075 | VANIOTIS WILLIAM & RICHARD | 1.360 | 411,904 | 766,090 | 1,177,994 | 11,973.31 | 98.38 |
| 214-0-012-155 | MAULHARDT JEANNE G TR EST | 0.080 | 15,000 | 0 | 15,000 | 792.35 | 18.93 |
| 214-0-012-175 | ROSENMUND PATTI | 3.000 | 850,078 | 284,718 | 1,134,796 | 26,411.72 | 42.97 |
| 214-0-012-185 | SKOBLICK KEVIN J & FRANCES J | 0.970 | 254,486 | 0 | 254,486 | 8,539.79 | 29.80 |
| 214-0-012-195 | BEARDSLEY AND SON | 2.415 | 686,046 | 149,928 | 835,974 | 21,305.45 | 39.24 |
| 214-0-012-205 | LIBERTY FINANCE PARTNERSHIP | 1.190 | 1,045,747 | 1,236,525 | 2,282,272 | 10,476.64 | 217.84 |
| 214-0-012-215 | LUNA JAVIER & HORTENSIA TR | 0.970 | 162,252 | 31,198 | 193,450 | 8,539.79 | 22.65 |
| 214-0-012-225 | MAULHARDT JEANNE G TR EST | 3.530 | 1,800,000 | 800,000 | 2,600,000 | 30,989.74 | 83.90 |
| 214-0-030-015 | AMS CRAIG LLC | 0.237 | 190,397 | 0 | 190,397 | 2,112.94 | 90.11 |
| 214-0-031-025 | BRAGG INVESTMENT CO | 4.160 | 1,579,642 | 0 | 1,579,642 | 36,624.24 | 43.13 |
| 214-0-031-035 | GULBRANSON RICHARD E JR & SERENE M | 4.127 | 1,875,000 | 3,975,000 | 5,850,000 | 36,360.12 | 160.89 |
| 214-0-032-075 | IPA PAULSON INVESTORS LLC | 2.319 | 565,973 | 2,019,322 | 2,585,295 | 20,425.06 | 126.57 |
| 214-0-032-085 | DAMART CHARLES E & SUSAN M TR | 2.400 | 649,897 | 2,278,747 | 2,928,644 | 21,129.37 | 138.61 |
| 214-0-032-125 | EYAL TALY & SHARON | 0.850 | 215,477 | 844,576 | 1,060,053 | 7,483.32 | 141.66 |
| 214-0-032-165 | VAINSTEIN CALVIN & SHEPHA TR | 1.000 | 214,136 | 796,598 | 1,010,734 | 8,803.90 | 114.81 |
| 214-0-032-175 | OXNARD MERCHANT III LTD | 0.830 | 129,735 | 661,859 | 791,594 | 7,307.24 | 108.33 |
| 214-0-032-185 | VAINSTEIN CALVIN TR | 0.510 | 124,807 | 638,539 | 763,346 | 4,489.99 | 170.01 |
| 214-0-032-195 | OXNARD MERCHANT V LTD | 0.980 | 196,565 | 808,099 | 1,004,664 | 8,627.83 | 116.44 |
| 214-0-032-215 | SUNBELT ENTERPRISES LLC | 2.940 | 446,580 | 2,761,277 | 3,207,857 | 25,916.12 | 123.78 |
| 214-0-032-225 | SUNBELT ENTERPRISES LLC | 1.490 | 226,598 | 1,358,663 | 1,585,261 | 13,134.36 | 120.70 |
| 214-0-032-235 | SUNBELT ENTERPRISES LLC | 3.500 | 531,476 | 3,435,807 | 3,967,283 | 30,852.53 | 128.59 |
| 214-0-033-045 | SUNBELT ENTERPRISES LLC | 2.689 | 397,679 | 3,607,449 | 4,005,128 | 23,682.50 | 169.12 |
| 214-0-033-055 | SUNBELT ENTERPRISES LLC | 3.239 | 492,733 | 2,694,212 | 3,186,945 | 28,524.65 | 111.73 |
| 214-0-033-115 | AMS CRAIG LLC | 2.671 | 2,148,794 | 3,886,631 | 6,035,425 | 23,506.42 | 256.76 |
| 214-0-033-135 | SUNBELT ENTERPRISES LLC | 5.350 | 1,363,183 | 3,711,620 | 5,074,803 | 47,100.89 | 107.74 |
| 214-0-034-015 | AUTOMATIC TRANS REBUILD ASSN | 1.660 | 275,318 | 1,317,830 | 1,593,148 | 14,614.48 | 109.01 |
| 214-0-034-025 | MAULHARDT STEPHEN J | 3.300 | 1,630,982 | 2,144,996 | 3,775,978 | 29,052.88 | 129.97 |
| 214-0-034-045 | PAULSON PARTNERS | 1.660 | 92,858 | 233,550 | 326,408 | 14,614.48 | 22.33 |
| 214-0-041-015 | SANTA MARIA INVESTMENTS LLC | 0.850 | 394,663 | 0 | 394,663 | 7,483.32 | 52.74 |
| 214-0-041-025 | SANTA MARIA INVESTMENTS LLC | 0.760 | 353,063 | 0 | 353,063 | 6,690.97 | 52.77 |
| 214-0-041-045 | MAULHARDT INDUSTRIAL CENTER | 1.560 | 65,174 | 445,049 | 510,223 | 13,734.09 | 37.15 |
| 214-0-041-055 | GULBRANSON RICHARD E JR | 1.230 | 250,028 | 966,199 | 1,216,227 | 10,828.80 | 112.31 |
| 214-0-041-065 | GULBRANSON RICHARD E JR | 1.000 | 125,731 | 1,765,754 | 1,891,485 | 8,803.90 | 214.85 |
| 214-0-041-075 | GULBRANSON RICHARD E JR | 1.000 | 790,000 | 1,210,000 | 2,000,000 | 8,803.90 | 227.17 |

| <u>Parcel No.</u> | <u>Owner</u> | <u>Acreage</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Value</u> | <u>Unbilled Principal</u> | <u>Value-to-Lien Ratio</u> |
|-------------------|------------------------------------------|----------------|-------------------|------------------------|--------------------|---------------------------|----------------------------|
| 214-0-041-115 | SANTA MARIA INVESTMENTS | 2.230 | 542,785 | 449,872 | 992,657 | 19,632.71 | 50.56 |
| 214-0-041-125 | IPA MAULHARDT INVESTORS LLC | 1.880 | 279,192 | 1,699,221 | 1,978,413 | 16,551.34 | 119.53 |
| 214-0-041-145 | IPA GRAVES INVESTORS | 2.270 | 484,564 | 2,260,244 | 2,744,808 | 19,984.86 | 137.34 |
| 214-0-041-155 | 900 GRAVES PARTNERS LLC | 0.000 | 96,324 | 335,613 | 431,937 | 3,402.59 | 126.94 |
| 214-0-041-165 | 900 GRAVES PARTNERS LLC | 0.000 | 93,265 | 324,961 | 418,226 | 3,302.91 | 126.62 |
| 214-0-041-175 | HUDNELL HOLDINGS LLC | 0.000 | 406,572 | 609,859 | 1,016,431 | 4,123.30 | 246.51 |
| 216-0-030-075 | SAKIOKA ARTHUR M & MARILYN TR & AMS CRAI | 26.446 | 1,463,613 | 6,044 | 1,469,657 | 272,745.45 | 5.39 |
| 216-0-030-105 | SAKIOKA ARTHUR M & MARILYN TR & AMS CRAI | 25.763 | 1,267,369 | 4,912 | 1,272,281 | 226,788.56 | 5.61 |
| 216-0-030-110 | ALICE RANCH CO | 2.790 | 33,073 | 3,738,832 | 3,771,905 | 32,458.17 | 116.21 |
| 216-0-030-120 | ALICE RANCH CO | 40.570 | 481,170 | 0 | 481,170 | 471,981.39 | 1.02 |
| 216-0-030-130 | ALICE RANCH CO | 3.090 | 47,862 | 1,810,095 | 1,857,957 | 35,948.30 | 51.68 |
| 216-0-030-145 | SAKIOKA ARTHUR M & MARILYN TR & AMS CRAI | 200.780 | 9,394,266 | 44,413 | 9,438,679 | 2,050,622.95 | 4.60 |
| 216-0-030-155 | SAKIOKA ARTHUR M & MARILYN TR & AMS CRAI | 172.160 | 7,271,543 | 32,966 | 7,304,509 | 1,515,856.13 | 4.82 |
| 216-0-151-345 | PROCTOR & GAMBLE PAPER PRODUCTS | 27.998 | 564,832 | 0 | 564,832 | 246,667.26 | 2.29 |
| 216-0-151-355 | PROCTOR & GAMBLE PAPER PROD | 39.490 | 791,946 | 22,717,307 | 23,509,253 | 345,890.23 | 67.97 |
| 216-0-151-365 | PROCTOR & GAMBLE PAPER PRODUCTS | 74.322 | 2,068,115 | 33,230,103 | 35,298,218 | 667,105.04 | 52.91 |
| 216-0-151-385 | BERDAN HOLDINGS LLC | 6.400 | 2,012,130 | 7,379,888 | 9,392,018 | 74,572.35 | 125.95 |
| 216-0-151-395 | H2 ENTERPRISES LLC | 0.590 | 229,782 | 596,534 | 826,316 | 5,194.30 | 159.08 |
| 216-0-151-405 | FUSCI STEPHEN | 0.390 | 151,677 | 563,709 | 715,386 | 3,433.52 | 208.35 |
| 216-0-151-415 | FUSCI STEPHEN | 0.360 | 139,226 | 498,054 | 637,280 | 3,169.41 | 201.07 |
| 216-0-151-425 | FUSCI STEVE | 0.390 | 254,000 | 386,000 | 640,000 | 3,433.52 | 186.40 |
| 216-0-151-435 | FMS OXNARD LLC | 0.360 | 140,358 | 482,208 | 622,566 | 3,169.41 | 196.43 |
| 216-0-151-445 | TPS ENTERPRISES | 0.390 | 220,000 | 440,000 | 660,000 | 3,433.52 | 192.22 |
| 216-0-151-455 | MRJ INVESTMENTS LLC | 0.660 | 255,817 | 838,863 | 1,094,680 | 5,722.54 | 191.29 |
| 216-0-152-045 | SEMINIS VEGETABLE SEEDS INC | 32.790 | 12,207,336 | 22,862,958 | 35,070,294 | 288,680.00 | 121.49 |
| 216-0-153-015 | 300 ELEVAR LLC | 2.889 | 1,042,321 | 2,953,575 | 3,995,896 | 25,443.28 | 157.05 |
| 216-0-153-025 | 200 ELEVAR LLC | 2.730 | 968,459 | 3,712,154 | 4,680,613 | 24,034.66 | 194.74 |
| 216-0-153-115 | CSI INVESTMENTS | 5.680 | 934,590 | 0 | 934,590 | 50,006.18 | 18.69 |
| 216-0-153-125 | CON & WAY TRANSP SERV INC | 5.680 | 1,469,590 | 2,829,670 | 4,299,260 | 50,006.18 | 85.97 |
| 216-0-153-135 | 100 ELEVAR LLC | 2.210 | 787,929 | 2,405,986 | 3,193,915 | 19,456.63 | 164.16 |
| 216-0-153-195 | JAFROODI PROPERTIES L P | 1.580 | 650,315 | 2,054,504 | 2,704,819 | 13,910.17 | 194.45 |
| 216-0-153-205 | WOLF FAMILY SERIES LP | 2.120 | 497,856 | 2,441,327 | 2,939,183 | 18,664.28 | 157.48 |
| 216-0-153-215 | OXNARD CITY OF | 2.860 | 0 | 0 | 0 | 25,179.16 | 0.00 |
| 216-0-160-045 | SHELL WESTERN E & P INC | 3.000 | 668,429 | 0 | 668,429 | 26,411.72 | 25.31 |
| 216-0-160-295 | TENBY INC | 25.160 | 340,888 | 77,854 | 418,742 | 221,506.21 | 1.89 |
| 216-0-160-335 | A & S HOLDINGS LLC | 1.760 | 1,673,198 | 1,976,227 | 3,649,425 | 15,494.87 | 235.52 |
| 216-0-160-345 | OXNARD PRODUCE LLC | 2.150 | 739,929 | 0 | 739,929 | 18,928.39 | 39.09 |
| 216-0-160-355 | OXNARD PRODUCE LLC | 6.660 | 2,343,111 | 6,438,418 | 8,781,529 | 58,634.00 | 149.77 |
| 216-0-182-405 | CALVARY CHAPEL OF OXNARD | 2.270 | 334,234 | 2,421,164 | 2,755,398 | 19,984.86 | 137.87 |
| 216-0-182-415 | AUBERY FAM LTD PARTNER | 2.980 | 1,909,000 | 2,491,000 | 4,400,000 | 26,235.63 | 167.71 |

| <u>Parcel No.</u> | <u>Owner</u> | <u>Acreage</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Value</u> | <u>Unbilled Principal</u> | <u>Value-to-Lien Ratio</u> |
|-------------------|------------------------------------------|----------------|-------------------|------------------------|--------------------|---------------------------|----------------------------|
| 216-0-182-425 | TROJAN STORAGE OXNARD LLC | 3.380 | 1,887,000 | 3,315,000 | 5,202,000 | 29,757.21 | 174.81 |
| 216-0-183-195 | SUNBELT ENTERPRISES LLC | 2.470 | 347,895 | 2,377,620 | 2,725,515 | 21,745.65 | 125.34 |
| 216-0-191-095 | UTTS CHARLIE S & CLARA R TR | 1.700 | 676,948 | 2,182,754 | 2,859,702 | 14,966.64 | 191.07 |
| 216-0-191-105 | CABOT LANE LLC & LEKO MARTIN & LORETTA M | 0.569 | 161,604 | 0 | 161,604 | 5,018.22 | 32.20 |
| 216-0-191-115 | CABOT LANE LLC & LEKO MARTIN & LORETTA M | 0.594 | 165,784 | 0 | 165,784 | 5,194.31 | 31.92 |
| 216-0-191-125 | CABOT LANE LLC & LEKO MARTIN & LORETTA M | 0.580 | 164,851 | 0 | 164,851 | 5,106.26 | 32.28 |
| 216-0-191-155 | GIOCAR AMERICA INC | 0.631 | 245,629 | 841,036 | 1,086,665 | 5,546.46 | 195.92 |
| 216-0-191-165 | IRVING DRIVE LLC | 0.631 | 112,783 | 502,416 | 615,199 | 5,546.46 | 110.92 |
| 216-0-191-215 | IRVING DRIVE LLC | 1.660 | 236,396 | 727,742 | 964,138 | 14,614.48 | 65.97 |
| 216-0-191-225 | LOMBARD 301 LLC | 4.520 | 907,979 | 3,813,126 | 4,721,105 | 39,793.65 | 118.64 |
| 216-0-191-235 | RAYPAK INC | 10.670 | 2,375,345 | 16,317,012 | 18,692,357 | 93,937.65 | 198.99 |
| 216-0-192-055 | NARANJO ROBERTO & MARIA | 0.500 | 312,000 | 688,000 | 1,000,000 | 4,401.96 | 227.17 |
| 216-0-192-065 | GULRAJANI ROMESH N & TARA R | 0.366 | 99,366 | 200,474 | 299,840 | 3,257.44 | 92.05 |
| 216-0-192-075 | GULRAJANI ROMESH N & TARA R | 0.473 | 127,661 | 200,474 | 328,135 | 4,137.83 | 79.30 |
| 216-0-192-085 | KDC, LLC | 0.619 | 234,164 | 626,233 | 860,397 | 5,458.42 | 157.63 |
| 216-0-192-095 | HECK TRUST | 0.096 | 24,211 | 13,833 | 38,044 | 880.39 | 43.21 |
| 216-0-192-105 | HECK TRUST | 0.406 | 102,619 | 493,515 | 596,134 | 3,609.60 | 165.15 |
| 216-0-192-115 | HECK GORDON TR | 0.503 | 116,382 | 514,144 | 630,526 | 4,401.96 | 143.24 |
| 216-0-193-015 | AHL EASTMAN | 1.110 | 411,648 | 0 | 411,648 | 9,772.33 | 42.12 |
| 216-0-193-065 | PTI ADVANCED FILTRATION INC | 4.419 | 1,499,834 | 4,165,584 | 5,665,418 | 38,913.25 | 145.59 |
| 216-0-193-075 | PTI ADVANCED FILTRATION INC | 4.230 | 1,499,834 | 3,248,701 | 4,748,535 | 37,240.51 | 127.51 |
| 216-0-193-085 | SUNBELT ENTERPRISES LLC | 5.260 | 835,925 | 4,640,263 | 5,476,188 | 46,308.53 | 118.25 |
| 216-0-193-105 | HIJI BROS & NISHIMORI BROS | 3.900 | 778,534 | 2,417,550 | 3,196,084 | 34,335.23 | 93.08 |
| 216-0-193-125 | HIJI BROS & NISHIMORI BROS | 1.401 | 279,695 | 0 | 279,695 | 12,325.47 | 22.69 |
| 216-0-193-135 | BURR WILLIAM C B & KIM A TR & BURR WILLI | 2.754 | 626,640 | 863,890 | 1,490,530 | 24,210.74 | 61.56 |
| 216-0-193-185 | AHL EASTMAN PARTNERSHIP | 1.840 | 446,930 | 0 | 446,930 | 16,199.19 | 27.59 |
| 216-0-193-205 | CENTRAL LOS ANGELES TRANSFER | 1.200 | 231,410 | 227,932 | 459,342 | 10,564.68 | 43.48 |
| 216-0-193-245 | CENTRAL LOS ANGELES TRANSFER | 3.610 | 698,202 | 4,416,870 | 5,115,072 | 31,782.09 | 160.94 |
| 216-0-193-255 | 2150 EASTMAN LLC ET AL | 2.280 | 550,642 | 2,080,127 | 2,630,769 | 20,072.90 | 131.06 |
| 216-0-193-265 | DAVIDSON DAN & BILHA TR | 2.530 | 503,857 | 2,375,603 | 2,879,460 | 22,273.87 | 129.28 |
| 216-0-193-275 | ZAKI FAMILY PARTNERSHIP LP | 2.430 | 592,681 | 2,673,720 | 3,266,401 | 21,393.48 | 152.68 |
| 216-0-193-285 | YAKOPOS LLC | 2.820 | 749,501 | 3,302,611 | 4,052,112 | 24,827.01 | 163.21 |
| 216-0-193-295 | LOMBARD GRAVES LLC | 2.620 | 1,030,073 | 2,411,314 | 3,441,387 | 23,066.22 | 149.20 |
| 216-0-193-305 | NICHOLS DONNELL TRUST & DNB PROPS & INVE | 3.100 | 1,222,505 | 2,943,075 | 4,165,580 | 27,292.11 | 152.63 |
| 216-0-194-025 | SPEARS BILL & SANDRA TR | 3.808 | 695,408 | 5,410,513 | 6,105,921 | 33,542.88 | 182.03 |
| 216-0-194-035 | SPEARS BILL & SANDRA TR | 0.229 | 40,586 | 186,701 | 227,287 | 2,024.90 | 112.25 |
| 216-0-194-105 | SPEARS BILL & SANDRA TR | 2.089 | 524,213 | 857,548 | 1,381,761 | 18,400.15 | 75.10 |
| 216-0-194-115 | SPEARS BILL & SANDRA TR | 1.680 | 358,156 | 1,649,095 | 2,007,251 | 14,790.56 | 135.71 |
| 216-0-194-125 | SPEARS BILL & SANDRA TR | 1.480 | 315,577 | 1,796,725 | 2,112,302 | 13,029.78 | 162.11 |
| 216-0-194-135 | SPEARS BILL & SANDRA TRUST | 2.000 | 428,276 | 935,761 | 1,364,037 | 17,607.80 | 77.47 |

| <u>Parcel No.</u> | <u>Owner</u> | <u>Acreage</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Value</u> | <u>Unbilled Principal</u> | <u>Value-to-Lien Ratio</u> |
|-------------------|------------------------------------------|----------------|-------------------|------------------------|--------------------|---------------------------|----------------------------|
| 216-0-194-205 | SPEARS BILL & SANDRA TR | 3.590 | 1,153,080 | 3,283,575 | 4,436,655 | 31,606.01 | 140.37 |
| 216-0-194-215 | SUNBELT ENTERPRISES LLC | 3.329 | 493,911 | 1,725,318 | 2,219,229 | 29,317.00 | 75.70 |
| 216-0-194-225 | SPEARS BILL & SANDRA TR | 3.753 | 1,417,699 | 3,121,271 | 4,538,970 | 33,014.64 | 137.48 |
| 216-0-194-245 | ZAKI FAMILY PARTNERSHIP LP | 0.710 | 439,000 | 561,000 | 1,000,000 | 6,324.52 | 158.11 |
| 216-0-194-255 | JOSELOWSKY LAWRENCE TR | 2.090 | 726,439 | 2,346,649 | 3,073,088 | 18,617.28 | 165.07 |
| 216-0-194-265 | ABER INVESTMENTS LLC | 0.590 | 414,000 | 346,000 | 760,000 | 5,255.59 | 144.61 |
| 216-0-194-275 | COLIC SLOBODAN TR | 0.680 | 286,314 | 645,875 | 932,189 | 5,942.73 | 156.86 |
| 216-0-194-285 | BARDOS TOM | 0.720 | 259,000 | 841,000 | 1,100,000 | 6,311.95 | 174.27 |
| 216-0-194-295 | OXNARD MERCHANT VII LTD | 1.340 | 376,747 | 1,588,302 | 1,965,049 | 11,779.97 | 166.81 |
| 216-0-195-055 | WESTRIDGE VENTURE I | 5.450 | 2,053,628 | 4,209,724 | 6,263,352 | 47,981.27 | 130.54 |
| 216-0-195-065 | OLDE THOMPSON INC | 1.880 | 1,166,000 | 2,534,000 | 3,700,000 | 16,527.83 | 223.86 |
| 216-0-195-095 | ZAKI FAMILY PARTNERSHIP L P | 0.850 | 538,000 | 892,000 | 1,430,000 | 7,472.69 | 191.36 |
| 216-0-195-105 | SCAN 121 LLC | 1.090 | 405,000 | 1,305,000 | 1,710,000 | 9,582.63 | 178.45 |
| 216-0-195-135 | BOLDT ENTERPRISES LLC | 1.630 | 580,000 | 2,020,000 | 2,600,000 | 14,329.98 | 181.44 |
| 216-0-195-145 | PACIFIC LANDMARK LTD | 1.590 | 469,000 | 1,291,000 | 1,760,000 | 13,978.32 | 125.91 |
| 216-0-201-015 | ZAKI PARTNERSHIP LP | 1.254 | 519,888 | 1,030,715 | 1,550,603 | 11,004.88 | 140.90 |
| 216-0-201-025 | SEAGATE EQUITY LTD | 1.264 | 436,015 | 1,068,227 | 1,504,242 | 11,092.92 | 135.60 |
| 216-0-201-035 | SEAGATE EQUITY LTD | 1.125 | 410,869 | 883,348 | 1,294,217 | 9,948.41 | 130.09 |
| 216-0-201-045 | ZAKI PARTNERSHIP LP | 1.235 | 519,484 | 996,627 | 1,516,111 | 10,916.84 | 138.88 |
| 216-0-201-055 | DTG INVESTORS LLC | 0.653 | 177,424 | 599,812 | 777,236 | 5,722.53 | 135.82 |
| 216-0-201-065 | DTG INVESTORS | 0.685 | 155,670 | 575,082 | 730,752 | 6,074.70 | 120.29 |
| 216-0-201-075 | PITTMAN ALAN & MICHELE FAM TR | 0.685 | 273,937 | 532,301 | 806,238 | 6,074.70 | 132.72 |
| 216-0-201-135 | TAGLIAFERRI EDWARD JR | 1.039 | 262,979 | 1,033,592 | 1,296,571 | 9,156.06 | 141.61 |
| 216-0-201-155 | DTG INVESTORS | 0.761 | 172,780 | 630,419 | 803,199 | 6,690.97 | 120.04 |
| 216-0-201-185 | ZAKI FAMILY PARTNERSHIP LP | 2.060 | 438,565 | 2,017,812 | 2,456,377 | 18,136.04 | 135.44 |
| 216-0-202-025 | FERRARI DAVID & JEANNETTE TR | 0.630 | 367,838 | 597,124 | 964,962 | 5,546.46 | 173.98 |
| 216-0-202-035 | WIENER MELVIN & MIRIAM | 0.630 | 229,759 | 599,880 | 829,639 | 5,546.46 | 149.58 |
| 216-0-202-045 | DEHORTY JOESPH & GERALDINE TR & HINES FR | 0.630 | 213,315 | 705,684 | 918,999 | 5,546.46 | 165.69 |
| 216-0-202-055 | PERRY DENNIS & GEORGIA TRUST | 0.630 | 190,681 | 723,386 | 914,067 | 5,546.46 | 164.80 |
| 216-0-202-065 | FEIKLS THOMAS & LOGAN & FEIKLS CAROL | 0.743 | 159,071 | 734,193 | 893,264 | 6,514.89 | 137.11 |
| 216-0-202-075 | KEITH MICHAEL T | 0.856 | 381,561 | 579,842 | 961,403 | 7,571.36 | 126.98 |
| 216-0-202-085 | CINMARK CO LP | 0.783 | 294,000 | 1,086,000 | 1,380,000 | 6,867.05 | 200.96 |
| 216-0-202-095 | COX JEFFREY D & JILL C | 0.783 | 380,796 | 1,123,391 | 1,504,187 | 6,867.05 | 219.04 |
| 216-0-202-105 | THORN PROPERTIES LLC & MILLS TODD E & TR | 0.783 | 445,000 | 755,000 | 1,200,000 | 6,867.05 | 174.75 |
| 216-0-202-115 | CGR DEVELOPMENT | 0.873 | 294,239 | 595,444 | 889,683 | 7,659.40 | 116.16 |
| 216-0-203-135 | BUNSEN CELSIUS I LLC | 0.264 | 95,888 | 0 | 95,888 | 2,289.02 | 41.89 |
| 216-0-203-185 | BUNSEN CELSIUS I LLC | 1.383 | 497,926 | 1,491,990 | 1,989,916 | 12,149.38 | 163.79 |
| 216-0-203-215 | MOEN GREGORY J & DEBORAH J | 1.300 | 293,699 | 1,756,095 | 2,049,794 | 11,445.08 | 179.10 |
| 216-0-203-225 | MOEN GREGORY J & DEBORAH J | 1.550 | 272,292 | 2,031,734 | 2,304,026 | 13,646.05 | 168.84 |
| 216-0-204-015 | IPA & SEAGATE PARTNERS II | 1.333 | 563,925 | 1,083,324 | 1,647,249 | 11,709.19 | 140.68 |
| 216-0-204-025 | 321 TODD CT LLC ET AL | 1.543 | 823,000 | 1,182,061 | 2,005,061 | 13,558.01 | 147.89 |
| 216-0-204-035 | SUNBELT ENTERPRISES LLC | 0.633 | 97,418 | 0 | 97,418 | 5,546.46 | 17.56 |

| <u>Parcel No.</u> | <u>Owner</u> | <u>Acreage</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Value</u> | <u>Unbilled Principal</u> | <u>Value-to-Lien Ratio</u> |
|-------------------|------------------------------------------|----------------|-------------------|------------------------|--------------------|---------------------------|----------------------------|
| 216-0-204-055 | 321 TODD CT LLC ET AL | 1.456 | 777,000 | 1,182,100 | 1,959,100 | 12,853.70 | 152.42 |
| 216-0-204-065 | IPA & SEAGATE PARTNERS II | 1.301 | 527,304 | 1,091,640 | 1,618,944 | 11,445.08 | 141.45 |
| 216-0-204-075 | 300 N GRAVES LLC | 3.389 | 685,940 | 3,603,907 | 4,289,847 | 29,845.23 | 143.74 |
| 216-0-204-085 | TODD COURT PARTNERS | 2.589 | 641,819 | 2,117,870 | 2,759,689 | 22,802.11 | 121.03 |
| 216-0-204-095 | CHEN SAMUEL & JANE | 3.719 | 1,448,896 | 3,758,080 | 5,206,976 | 32,750.53 | 158.99 |
| 216-0-204-105 | SUNBELT ENTERPRISES LLC | 3.328 | 507,443 | 3,040,511 | 3,547,954 | 29,317.00 | 121.02 |
| 216-0-205-025 | GRINBAUM PROPERTIES LTD PART | 2.009 | 363,738 | 1,579,638 | 1,943,376 | 17,695.85 | 109.82 |
| 216-0-205-035 | EARLE PROPERTIES | 2.500 | 639,959 | 2,258,200 | 2,898,159 | 22,009.76 | 131.68 |
| 216-0-205-045 | NEFF LIONEL B & DORIS L TR | 4.419 | 758,757 | 3,389,936 | 4,148,693 | 38,913.25 | 106.61 |
| 216-0-205-115 | MBL STURGIS LLC | 1.989 | 599,722 | 1,866,611 | 2,466,333 | 17,519.77 | 140.77 |
| 216-0-205-125 | ZAKI FAM PARTNERSHIP LP | 2.000 | 431,553 | 1,438,602 | 1,870,155 | 17,607.80 | 106.21 |
| 216-0-205-155 | NADIA OXNARD LLC | 0.810 | 289,775 | 895,312 | 1,185,087 | 7,131.17 | 166.18 |
| 216-0-205-165 | WU GEORGE K & SHEENA H | 0.600 | 239,971 | 704,558 | 944,529 | 5,282.34 | 178.81 |
| 216-0-205-175 | GONZALEZ JOSE H | 0.600 | 232,044 | 653,450 | 885,494 | 5,282.34 | 167.63 |
| 216-0-205-185 | HELLER SAMUEL J TRUST | 0.600 | 204,000 | 596,000 | 800,000 | 5,282.34 | 151.45 |
| 216-0-205-195 | BRC HOLDING LLC | 0.600 | 239,971 | 688,137 | 928,108 | 5,282.34 | 175.70 |
| 216-0-205-205 | HERBERT STEVEN L & DONNA F TR | 0.810 | 315,810 | 929,329 | 1,245,139 | 7,043.13 | 176.79 |
| 216-0-205-215 | SUNBELT ENTERPRISES LLC | 9.800 | 1,596,998 | 7,619,905 | 9,216,903 | 86,190.22 | 106.94 |
| 216-0-211-015 | 701 DEL NORTE LLC | 8.839 | 3,047,161 | 4,546,172 | 7,593,333 | 77,826.51 | 97.57 |
| 216-0-211-045 | QUINN CO | 7.860 | 2,482,393 | 0 | 2,482,393 | 69,198.68 | 35.87 |
| 216-0-211-055 | QUINN CO | 12.850 | 4,219,150 | 5,082,193 | 9,301,343 | 113,130.16 | 82.22 |
| 216-0-212-025 | DOUBLE E INVESTMENTS LLC & WASSERMAN STE | 2.889 | 1,207,673 | 3,035,512 | 4,243,185 | 25,443.28 | 166.77 |
| 216-0-212-055 | LUNAR COURT LLC | 3.419 | 779,780 | 3,060,927 | 3,840,707 | 30,109.35 | 127.56 |
| 216-0-212-075 | OPPENHEIMER G&F FAMILY TR | 2.639 | 1,025,000 | 3,075,000 | 4,100,000 | 23,242.31 | 176.40 |
| 216-0-212-085 | 6H DEL NORTE LLC | 7.105 | 2,912,412 | 11,205,207 | 14,117,619 | 62,595.76 | 225.54 |
| 216-0-212-115 | ELEVAR SEVEN LLC | 2.150 | 899,197 | 2,087,460 | 2,986,657 | 18,928.39 | 157.79 |
| 216-0-212-125 | OXNARD/DEL NORTE LLC | 2.680 | 1,212,027 | 2,979,588 | 4,191,615 | 23,594.46 | 177.65 |
| 216-0-220-145 | KEVAN INVESTMENTS LLC | 0.000 | 220,800 | 331,200 | 552,000 | 1,910.45 | 288.94 |
| 216-0-220-155 | KEVAN INVESTMENTS LLC | 0.000 | 141,200 | 211,800 | 353,000 | 1,910.45 | 184.77 |
| 216-0-220-165 | WHITE WILLIAM H & JOAN E | 0.000 | 198,000 | 297,000 | 495,000 | 1,910.45 | 259.10 |
| 216-0-220-175 | KEVAN INVESTMENTS LLC | 0.000 | 141,200 | 211,800 | 353,000 | 1,910.45 | 184.77 |
| 216-0-220-185 | KEVAN INVESTMENTS LLC | 0.000 | 141,200 | 211,800 | 353,000 | 1,910.45 | 184.77 |
| 216-0-220-195 | CAHILL ROBERT D & VIVIAN A TR | 0.000 | 192,000 | 288,000 | 480,000 | 1,910.45 | 251.25 |
| 216-0-220-205 | KEVAN INVESTMENTS LLC | 0.000 | 126,000 | 189,000 | 315,000 | 1,910.45 | 164.88 |
| 216-0-220-215 | KEVAN INVESTMENTS LLC | 0.000 | 134,000 | 201,000 | 335,000 | 1,910.45 | 175.35 |
| 216-0-220-225 | KEVAN INVESTMENTS LLC | 0.000 | 133,600 | 200,400 | 334,000 | 1,910.45 | 174.83 |
| 216-0-220-235 | KEVAN INVESTMENTS LLC | 0.000 | 136,000 | 204,000 | 340,000 | 1,910.45 | 177.97 |
| 216-0-231-015 | WALLACE LEONARD O & PAMELA J | 1.730 | 529,261 | 1,817,347 | 2,346,608 | 15,230.75 | 154.07 |
| 216-0-231-035 | LEEDS ENGINEERING CORP | 2.362 | 1,196,794 | 3,263,992 | 4,460,786 | 20,777.21 | 214.70 |
| 216-0-232-035 | PTI TECHNOLOGIES INC | 10.990 | 3,050,329 | 9,914,080 | 12,964,409 | 96,754.90 | 133.99 |
| 216-0-232-045 | HAGAN CAPITAL LLC | 1.771 | 620,350 | 2,149,177 | 2,769,527 | 15,582.91 | 177.73 |
| 216-0-232-055 | FORCE & ROYAL LLC | 0.989 | 330,353 | 0 | 330,353 | 8,715.86 | 37.90 |
| 216-0-232-075 | FORCE & ROYAL LLC | 5.140 | 1,718,452 | 5,365,416 | 7,083,868 | 45,252.07 | 156.54 |

| <u>Parcel No.</u> | <u>Owner</u> | <u>Acreage</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Value</u> | <u>Unbilled Principal</u> | <u>Value-to-Lien Ratio</u> |
|-------------------|------------------------------------------|----------------|-------------------|------------------------|--------------------|---------------------------|----------------------------|
| 216-0-232-085 | FORCE & ROYAL LLC | 3.260 | 1,087,911 | 0 | 1,087,911 | 28,700.73 | 37.91 |
| 216-0-233-035 | FUSCI STEPHEN | 0.369 | 122,314 | 524,925 | 647,239 | 3,257.44 | 198.70 |
| 216-0-233-045 | 501 SPECTRUM CIRCLE LLC | 0.673 | 185,943 | 766,209 | 952,152 | 5,898.62 | 161.42 |
| 216-0-233-055 | A & P COMMERCIAL INV LLC | 0.720 | 177,424 | 862,678 | 1,040,102 | 6,338.81 | 164.08 |
| 216-0-233-065 | COOPER TED R PROP CA CORP | 1.260 | 305,912 | 1,159,235 | 1,465,147 | 11,092.92 | 132.08 |
| 216-0-233-075 | J | 1.160 | 256,112 | 987,488 | 1,243,600 | 10,212.53 | 121.77 |
| 216-0-233-085 | HAASE MICHAEL C & GINA L TR | 0.790 | 193,453 | 1,019,569 | 1,213,022 | 6,955.09 | 174.41 |
| 216-0-234-015 | MEISSNER PAUL J & JULIE J TR | 0.576 | 220,000 | 640,000 | 860,000 | 5,106.26 | 168.42 |
| 216-0-234-025 | MELGOZA SANTOS | 0.372 | 169,790 | 503,714 | 673,504 | 3,257.44 | 206.76 |
| 216-0-234-035 | A & P COMMERCIAL INVEST LLC | 0.342 | 89,471 | 363,064 | 452,535 | 2,993.33 | 151.18 |
| 216-0-234-045 | FUSCI STEPHEN | 0.339 | 87,363 | 399,395 | 486,758 | 2,993.33 | 162.61 |
| 216-0-234-055 | RENO STEPHEN A TR | 0.389 | 143,592 | 472,446 | 616,038 | 3,433.52 | 179.42 |
| 216-0-234-065 | HIGGINS PATRICIA TR | 0.830 | 165,967 | 694,839 | 860,806 | 7,307.24 | 117.80 |
| 216-0-234-075 | WONG CALVIN | 0.501 | 203,000 | 397,000 | 600,000 | 4,401.96 | 136.30 |
| 216-0-234-105 | GRAMBERG CARL | 0.560 | 200,000 | 500,000 | 700,000 | 4,930.18 | 141.98 |
| 216-0-234-115 | DEL NORTE FARMS INC | 0.419 | 280,500 | 446,760 | 727,260 | 3,697.64 | 196.68 |
| 216-0-234-125 | GOODEN JOHN M & DENISE M W TR | 2.560 | 1,150,000 | 3,650,000 | 4,800,000 | 22,538.00 | 212.97 |
| 216-0-234-135 | DEL NORTE FARMS INC | 1.819 | 852,000 | 2,448,000 | 3,300,000 | 16,023.10 | 205.95 |
| 216-0-234-145 | PEGASUS PROPERTIES | 2.069 | 583,496 | 1,074,444 | 1,657,940 | 18,224.08 | 90.98 |
| 216-0-234-155 | PROPERTIES PEGASUS | 2.933 | 1,182,575 | 1,501,474 | 2,684,049 | 25,795.44 | 104.05 |
| 216-0-234-165 | FOXBOROUGH PARK INC & ATN ROBERT LUNLEY | 5.500 | 2,100,000 | 525,000 | 2,625,000 | 48,421.47 | 54.21 |
| 216-0-234-175 | WINDER WARREN W | 0.460 | 152,892 | 427,018 | 579,910 | 4,049.92 | 143.19 |
| 216-0-234-185 | ZOIDA SALVATORE & VINCENZA | 0.510 | 158,774 | 492,000 | 650,774 | 4,490.12 | 144.93 |
| 216-0-234-195 | ERIKSSON LEONARD & KELLY TR | 0.590 | 194,059 | 700,883 | 894,942 | 5,194.45 | 172.29 |
| 216-0-234-205 | MJ MCINTOSH LLC | 0.420 | 135,250 | 625,798 | 761,048 | 3,697.64 | 205.82 |
| 216-0-234-215 | ZINMARK INVESTMENTS LLC | 0.550 | 151,000 | 559,000 | 710,000 | 4,842.15 | 146.63 |
| 216-0-235-015 | JORDANOS INC | 8.510 | 2,336,506 | 9,870,734 | 12,207,240 | 74,921.22 | 162.93 |
| 216-0-235-025 | J | 1.489 | 320,977 | 2,833,964 | 3,154,941 | 13,117.82 | 240.51 |
| 216-0-235-035 | AT & T WIRELESS SERV OF CA INC | 1.250 | 0 | 0 | 0 | 11,004.88 | 0.00 |
| 216-0-235-045 | WILLIS HARLAN E TR | 1.250 | 335,196 | 1,287,877 | 1,623,073 | 11,004.88 | 147.49 |
| 216-0-235-055 | YOUNG ALFRED C TR | 1.489 | 484,290 | 1,637,958 | 2,122,248 | 13,117.82 | 161.78 |
| 216-0-235-065 | KJH PROPERTIES LLC | 3.710 | 1,250,000 | 2,194,000 | 3,444,000 | 32,662.48 | 105.44 |
| 216-0-235-075 | BLOIS PROPERTIES | 1.960 | 483,087 | 1,074,420 | 1,557,507 | 17,255.65 | 90.26 |
| 216-0-235-085 | BLOIS PROPERTIES | 1.960 | 483,106 | 0 | 483,106 | 17,255.65 | 28.00 |
| 216-0-235-095 | BARON INVESTMENTS LLC | 3.180 | 882,106 | 3,280,586 | 4,162,692 | 27,996.42 | 148.69 |
| 216-0-235-105 | LEEDS MOSHER LLC | 4.416 | 1,199,666 | 4,596,480 | 5,796,146 | 70,255.15 | 82.50 |
| 216-0-235-135 | QUATTRO & DEL NORTE LLC | 0.810 | 308,245 | 0 | 308,245 | 12,765.68 | 24.15 |
| 216-0-235-145 | BLT ALAMEDA/OXNARD LP LESSOR & KERR GROU | 4.180 | 1,298,000 | 5,284,000 | 6,582,000 | 41,114.30 | 160.09 |
| 216-0-235-165 | QUATTRO & DEL NORTE LLC | 3.190 | 1,172,546 | 1,285,000 | 2,457,546 | 28,084.37 | 87.51 |
| 216-0-236-015 | VALMAR PROPERTIES | 1.489 | 484,290 | 1,677,735 | 2,162,025 | 13,117.82 | 164.82 |
| 216-0-236-025 | SEACORD & COTE LLC | 1.250 | 498,957 | 722,830 | 1,221,787 | 11,004.88 | 111.02 |
| 216-0-236-035 | BRANCHEV LUBOMIR & LINDA M TR | 0.710 | 354,000 | 600,000 | 954,000 | 6,250.77 | 152.62 |

| <u>Parcel No.</u> | <u>Owner</u> | <u>Acreage</u> | <u>Land Value</u> | <u>Structure Value</u> | <u>Total Value</u> | <u>Unbilled Principal</u> | <u>Value-to-Lien Ratio</u> |
|-------------------|----------------------------|----------------|-------------------|------------------------|--------------------|---------------------------|----------------------------|
| 216-0-236-045 | FUSCI STEPHEN | 0.540 | 149,954 | 525,275 | 675,229 | 4,754.11 | 142.03 |
| 216-0-236-055 | WP REAL ESTATE INVESTMENTS | 0.540 | 149,954 | 595,741 | 745,695 | 4,754.11 | 156.85 |
| 216-0-236-065 | AMS MELINDA LLC | 0.950 | 373,540 | 871,600 | 1,245,140 | 8,363.71 | 148.87 |