

In the opinion of Pillsbury Winthrop LLP, Los Angeles, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions and assuming, among other matters, compliance with certain covenants and requirements described herein, interest on the Bonds is excludable 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" herein.

\$19,185,000

**OXNARD COMMUNITY DEVELOPMENT COMMISSION
Merged Downtown Renewal (R-108) and Central City Revitalization Project Area
Tax Allocation Refunding Bonds
2004 Series A**

Dated: Date of Delivery

Due: September 1, as shown on 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 Oxnard Community Development Commission Merged Downtown Renewal (R-108) and Central City Revitalization Project Area Tax Allocation Refunding Bonds, 2004 Series A (the "Bonds"), are being issued in the aggregate principal amount of \$19,185,000 by the Oxnard Community Development Commission (the "Commission") pursuant to the California Constitution and under authority granted to the Commission by the California Community Redevelopment Law, constituting Part 1 and Part 1.7 of Division 24 of the California Health and Safety Code, as amended, Resolution No. 98, adopted by the Commission on March 23, 2004, and the provisions of an Indenture of Trust, dated as of May 1, 2004 (the "Indenture"), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the "Trustee").

Pursuant to the provisions of Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended (the "JPA Law"), the Bonds will be purchased by the City of Oxnard Financing Authority, a joint exercise of powers authority organized and existing pursuant to the JPA Law (the "Authority"), and resold concurrently to E. J. De La Rosa & Co., as underwriter (the "Underwriter"), and to one institutional investor, as a private placement (the "Placed Bonds Purchaser"), as applicable.

Proceeds of the Bonds will be used (i) to refund and defease the Redevelopment Agency of the City of Oxnard Central City Revitalization Project, Tax Allocation Refunding Bonds, Series 1994A, previously issued by the Redevelopment Agency of the City of Oxnard, the Commission's predecessor-in-interest, on May 5, 1994, in the aggregate principal amount of \$18,580,000 (the "1994 Bonds"), (ii) to finance additional redevelopment activities within the Project Area (as defined herein), and (iii) to pay issuance costs associated with the issuance and sale of the Bonds. Currently, \$13,185,000 in principal amount of 1994 Bonds remain outstanding. See "THE FINANCING PLAN," "ESTIMATED SOURCES AND USES OF BOND PROCEEDS," "SECURITY FOR THE BONDS," and "THE PROJECT AREA" herein.

The Bonds will be delivered as fully registered bonds 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 of 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 "THE BONDS — Book-Entry Only System" herein.

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 1 and September 1, commencing September 1, 2004, 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 principal corporate trust office of the Trustee in Los Angeles, California, upon maturity or the earlier redemption thereof.

The Bonds are subject to optional and mandatory sinking account redemption prior to their stated maturities as described herein.

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by XL Capital Assurance Inc. simultaneously with the delivery of the Bonds.



THE BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM AND SECURED SOLELY BY THE AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE, WHICH AMOUNTS ARE COMPRISED OF TAX REVENUES AND MONEYS HELD IN CERTAIN OF THE FUNDS ESTABLISHED UNDER THE INDENTURE. NEITHER THE BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) AND NEITHER THE CITY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) IS LIABLE FOR THE BONDS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE COMMISSION NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

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 Pillsbury Winthrop LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Commission by the City Attorney, acting as General Counsel to the Commission, and by Disclosure Counsel, Pillsbury Winthrop LLP, Los Angeles, California. 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 May 4, 2004.

E. J. DE LA ROSA & CO., INC.

Dated: April 13, 2004

MATURITY SCHEDULE

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Base CUSIP⁽¹⁾ No. 692058</u>	<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Base CUSIP⁽¹⁾ No. 692058</u>
2004	\$550,000	2.000%	100.322%	1.000%	AA8	2014	\$810,000	3.800%	98.234%	4.010%	AL4
2005	605,000	2.000	100.849	1.350	AB6	2015	840,000	4.000	98.561	4.160	AM2
2006	620,000	3.000	102.834	1.750	AC4	2016	870,000	4.125	98.616	4.270	AN0
2007	640,000	4.000	106.234	2.050	AD2	2017	910,000	4.200	98.291	4.370	AP5
2008	665,000	4.000	106.406	2.430	AE0	2018 ⁽²⁾	945,000	4.470	100.000	4.470	AQ3
2009	690,000	2.600	99.357	2.730	AF7	2019 ⁽²⁾	990,000	4.570	100.000	4.570	AR1
2010	710,000	3.000	99.597	3.070	AG5	2020 ⁽²⁾	875,000	4.670	100.000	4.670	AS9
2011	730,000	3.250	99.223	3.370	AH3	2021 ⁽²⁾	915,000	4.750	100.000	4.750	AT7
2012	755,000	3.500	99.069	3.630	AJ9	2022 ⁽²⁾	960,000	4.840	100.000	4.840	AU4
2013	780,000	3.700	98.830	3.850	AK6						

\$4,325,000 4.950% Term Bonds due September 1, 2026⁽²⁾ - Price 100.000% CUSIP⁽¹⁾ No. 692058 AV2

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(2) Privately placed by Authority with Placed Bonds Purchaser.

No dealer, broker, salesperson, or other person has been authorized by the Commission, the Authority, or 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, nor will 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 which 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 herein has been obtained from the Commission and other sources which 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 Commission 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 Commission 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 WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

OXNARD COMMUNITY DEVELOPMENT COMMISSION

COMMISSION AND CITY COUNCIL

Dr. Manuel M. Lopez, Chairman and Mayor
Dean Maulhardt, Vice Chairman and Mayor Pro Tem
Bedford Pinkard, Commissioner and Councilman
John C. Zaragoza, Commissioner and Council Member
Andres Herrera, Commissioner and Council Member

COMMISSION AND CITY STAFF

Edmund F. Sotelo, City Manager and Executive Director and Secretary of Commission
Gary L. Gillig, City Attorney and General Counsel of the Commission
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Stan Kleinman, Finance and Management Services Director
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OFFICIAL STATEMENT

\$19,185,000

**OXNARD COMMUNITY DEVELOPMENT COMMISSION
Merged Downtown Renewal (R-108) and Central City Revitalization Project Area
Tax Allocation Refunding Bonds
2004 Series A**

INTRODUCTION

General Information

This Official Statement, which includes the cover page, Table of Contents, and Appendices (the "Official Statement"), provides certain information concerning the issuance, sale, and delivery of the Oxnard Community Development Commission Merged Downtown Renewal (R-108) and Central City Revitalization Project Area Tax Allocation Refunding Bonds, 2004 Series A, in the aggregate principal amount of \$19,185,000 (the "Bonds"). Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all terms and conditions therein. All statements in this Official Statement are qualified in their entirety by reference to the applicable documents.

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Selected Definitions" herein.

Authorization

The Bonds are being issued by the Oxnard Community Development Commission, a public body corporate and politic (the "Commission"), duly organized and existing under the California Community Redevelopment Law (Part 1 and Part 1.7 of Division 24 of the California Health and Safety Code, commencing with Section 33000) (the "Law"). The Commission is successor-in-interest to the Redevelopment Agency of the City of Oxnard (the "Agency"), a redevelopment agency that was formed and formerly existed under the Law. The Commission is issuing the Bonds pursuant to the Law, Resolution No. 98 adopted by the Commission on March 23, 2004 (the "Bond Resolution"), and the provisions of an Indenture of Trust, dated as of May 1, 2004 (the "Indenture"), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms used within this Official Statement not otherwise defined herein shall have the meanings set forth in the Indenture. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Selected Definitions" herein.

Sale to Authority

Pursuant to the provisions of Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "JPA Law"), the Bonds will be purchased from the Commission by the City of Oxnard Financing Authority, a joint exercise of powers authority organized and existing pursuant to the JPA Law (the "Authority"), and resold concurrently to E. J. De La Rosa & Co., Inc., as underwriter (the "Underwriter"), and to one institutional investor, as a private placement (the "Placed Bonds Purchaser"), as applicable. See "THE FINANCING PLAN – Sale to Authority; Underwritten Bonds and Placed Bonds," "THE AUTHORITY," and "UNDERWRITING AND PLACEMENT" herein.

Purpose of Issuance

The proceeds of the Bonds will be used (i) to refund and defease the Redevelopment Agency of the City of Oxnard Central City Revitalization Project, Tax Allocation Refunding Bonds, Series 1994A, previously issued by the Agency on May 5, 1994, in the aggregate principal amount of \$18,580,000 (the "1994 Bonds"), (ii) to finance additional redevelopment activities within the Project Area (as defined herein); and (iii) to pay issuance costs associated with the issuance and sale of the Bonds. Currently, \$13,185,000 in principal amount of 1994 Bonds remain outstanding. See "THE FINANCING PLAN," "ESTIMATED SOURCES AND USES OF BOND PROCEEDS," and "THE PROJECT AREA" herein.

Registration, Maturity, and Payment of Bonds

The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, which will act as securities depository for the Bonds. The Bonds will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the cover page hereof.

Interest on the Bonds is payable semiannually on March 1 and September 1, commencing September 1, 2004, until the maturity or earlier redemption thereof, and will be paid by check, mailed by first class mail to the registered owners thereof as of the applicable Record Date; provided, however, that any registered owner of \$1,000,000 or more in aggregate principal amount of Bonds may request in writing payment of such interest by wire transfer in immediately available funds to a designated account. Principal and any redemption premium with respect to each Bond will be paid upon surrender of such Bond at the principal corporate trust office of the Trustee in Los Angeles, California (the "Corporate Trust Office of the Trustee"), upon the maturity or earlier redemption thereof. See "THE BONDS – Description of the Bonds" herein.

Redemption of the Bonds

Optional Redemption. Bonds maturing on or before September 1, 2014, are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, 2015, shall be subject to redemption as a whole or in part, as determined by the Commission and by lot within a maturity, at the option of the Commission, on any date on or after September 1, 2014, without premium, from any available source of funds. See "THE BONDS – Redemption Provisions – Optional Redemption" herein.

Mandatory Sinking Account Redemption. The Bonds maturing on September 1, 2026 (the "Term Bonds"), are subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments made by the Commission on each September 1, commencing September 1, 2023, at the principal thereof plus accrued interest thereon to the date fixed for redemption, without premium. Pursuant to the Indenture, the Commission may purchase Term Bonds in lieu of such mandatory sinking account redemption at a public or private sale, when and at such prices (including brokerage and other charges and including accrued interest) as the Commission may in its discretion determine; provided, however, that the principal amount of any Bonds so purchased by the Commission and surrendered to the Trustee in any twelve-month period ending on September 1 in any year shall be credited towards and shall reduce the par amount of the Bonds otherwise required to be redeemed following September 1 of such year pursuant to the Indenture. See "THE BONDS – Redemption Provisions – Mandatory Sinking Account Redemption" and "– Purchase of Bonds in Lieu of Mandatory Redemption" herein.

Security for the Bonds

The Bonds are equally secured by a first pledge of and lien on all of the Tax Revenues and a first and exclusive pledge of and lien upon all of the moneys in the Special Fund, the Debt Service Fund, and the Reserve Fund, without preference or priority for series, issue, number, dated date, sale date, date of execution, or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Commission shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. See "SECURITY FOR THE BONDS" herein.

Notwithstanding the funds that are pledged pursuant to the Indenture, Owners of the Bonds are not guaranteed that sufficient Tax Revenues will be available to pay the Bonds. See "SECURITY FOR THE BONDS" and "RISK FACTORS" herein.

Bond Insurance

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy (the "Bond Insurance Policy") to be issued by XL Capital Assurance Inc., a stock insurance company incorporated under the laws of the State of New York (the "Bond Insurer" or "XLCA"), simultaneously with the delivery of the Bonds. See "MUNICIPAL BOND INSURANCE" herein.

Reserve Policy

The Reserve Fund will initially be funded with a qualified reserve fund policy (the "Reserve Policy") issued by the Bond Insurer in the maximum amount of \$1,500,000, which amount is not less than the amount of the Reserve Requirement. The Reserve Policy is a Qualified Reserve Fund Policy, as such term is defined in the Indenture. In connection with the issuance of the Reserve Bund Policy by the Bond Insurer, the Commission and the Bond Insurer shall enter into a Financial Guaranty Agreement (the "Financial Guaranty Agreement"). See "MUNICIPAL BOND INSURANCE – Reserve Policy" herein.

The Project Area

Pursuant to Resolution No. 57, adopted by the Commission on June 27, 2000, and pursuant to Ordinance No. 2526, adopted by the City Council on July 18, 2000, the Commission and the City approved the Amended and Restated Redevelopment Plan for the Merged Downtown Renewal (R-108) and Central City Revitalization Project Area (the "Redevelopment Plan"). Pursuant to the Redevelopment Plan, the Downtown Renewal Project (R-108) Area, as defined in the Redevelopment Plan (the "Downtown Renewal (R-108) Project Area"), and the Central City Revitalization Project Area, as defined in the Redevelopment Plan (the "Central City Revitalization Project Area" and, together with the Downtown Renewal (R-108) Project Area, the "Constituent Project Areas"), were merged into a single project area (the "Project Area"). The Central City Revitalization Project Area includes the CCRP Annex, as defined in the Redevelopment Plan (the "CCRP Annex"). Pursuant to the Redevelopment Plan, tax increment revenue attributed to each of the Constituent Project Areas may be used for any lawful purpose in any or all of the Constituent Project Areas. See "THE PROJECT AREA" herein.

Continuing Disclosure

The Commission will covenant in the Continuing Disclosure Agreement, dated the date of issuance of the Bonds, by and between the Commission and the Trustee, as dissemination agent (the "Continuing Disclosure Agreement"), to provide certain financial information and operating data relating to the Commission and notices of certain events, if material. Such information and notices will be filed

by the Commission with certain Nationally Recognized Municipal Securities Repositories. See "CONTINUING DISCLOSURE" and "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

Limited Obligations

The Bonds are limited obligations of the Commission payable solely from and secured solely by the amounts pledged therefor under the Indenture, which amounts are comprised of Tax Revenues and moneys held in certain of the funds established under the Indenture. Neither the Bonds nor the obligations of the Commission under the Indenture are a debt of the City, the State of California, or any political subdivision thereof (other than the Commission) and neither the City, the State, nor any political subdivision thereof (other than the Commission) is liable for the Bonds. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Commission nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance. The Commission has no taxing power.

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," "expect," "estimate," "project," "budget," or other similar words. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

References Qualified

The summaries of and references to all documents, statutes, reports, and other instruments referred to herein 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.

THE FINANCING PLAN

Use of Bond Proceeds

Proceeds from the sale of the Bonds will be used (i) to refund and defease the outstanding 1994 Bonds, (ii) to finance additional redevelopment activities within the Project Area; and (iii) to pay issuance costs associated with the issuance and sale of the Bonds. See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS," "SECURITY FOR THE BONDS," and "THE PROJECT AREA" herein.

1994 Bonds

On May 5, 1994, the Agency issued the 1994 Bonds to advance refund the then-outstanding principal amount of its Central City Revitalization Project, Tax Allocation Refunding Bonds, Issue of 1985, originally issued in the aggregate principal amount of \$8,400,000, and its Central City

Revitalization Project, Subordinate Tax Allocation Bonds, Issue of 1989, originally issued in the aggregate principal amount of \$10,400,000, and to finance additional redevelopment activities within the Central City Revitalization Project Area. The 1994 Bonds were issued pursuant to that certain Indenture of Trust, dated as of April 1, 1994, by and between the Agency and First Interstate Bank of California, as trustee (inclusive of its assignees and successors-in-interest, the "1994 Trustee"). Currently, \$13,185,000 in principal amount of the 1994 Bonds remain outstanding.

Refunding of 1994 Bonds

In order to refund the 1994 Bonds on a current refunding basis, a portion of the proceeds of the Bonds will be allocated to and placed in an escrow fund held by Wells Fargo Bank, National Association, Los Angeles, California, as escrow agent (the "Escrow Agent"), and administered pursuant to the Escrow Agreement dated as of May 1, 2004, by and between the Commission and the Escrow Agent (the "Escrow Agreement"). Moneys placed in the escrow fund established pursuant to the Escrow Agreement will be sufficient to pay on May 5, 2004, the accrued interest on the 1994 Bonds maturing on and after September 1, 2004, and the redemption price of 102% of the principal amount payable with respect to the 1994 Bonds maturing after September 1, 2004.

Financing Redevelopment Activities

A portion of the proceeds of the Bonds will be deposited into the Redevelopment Fund, to be established and held by the Trustee pursuant to the Indenture. Moneys in the Redevelopment Fund will be disbursed by the Trustee from time to time to pay costs associated with the redevelopment activities undertaken by or on behalf of the Commission in the Project Area. See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS," "THE PROJECT AREA," and "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," herein.

Sale to Authority; Underwritten Bonds and Placed Bonds

Pursuant to the provisions of the JPA Law, the Bonds will be purchased from the Commission by the Authority, and resold concurrently to the Underwriter and the Placed Bonds Purchaser, as applicable. In accordance with a contract of purchase, dated the date of this Official Statement (the "Contract of Purchase"), among the Commission, the Authority, the Underwriter, and the Placed Bonds Purchaser, the Authority has agreed (i) to sell to the Underwriter the Bonds maturing on September 1, 2004, through September 1, 2017, inclusive, in the aggregate principal amount of \$10,175,000 (collectively, the "Underwritten Bonds"), and (ii) to sell to the Placed Bonds Purchaser the Bonds maturing on September 1, 2018, through September 1, 2026, inclusive, in the aggregate principal amount of \$9,010,000 (collectively, the "Placed Bonds"). See "THE AUTHORITY" and "UNDERWRITING AND PLACEMENT" herein.

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ESTIMATED SOURCES AND USES OF BOND PROCEEDS

Sources of Funds

Principal Amount of Bonds	\$19,185,000.00
Plus: Original Issue Premium	23,865.70
Less: Underwriter's Discount ⁽¹⁾	(122,100.00)
1994 Bond Funds ⁽²⁾	29.85
Total Sources of Funds	\$19,086,795.55

Uses of Funds

Transfer to Bond Insurer ⁽³⁾	\$ 170,278.83
Costs of Issuance Fund ⁽⁴⁾	315,456.72
Redevelopment Fund ⁽⁵⁾	5,000,000.00
Escrow Fund ⁽⁶⁾	<u>13,601,060.00</u>
Total Uses of Funds	\$19,086,795.55

- (1) Payable with respect to the Underwritten Bonds.
- (2) Comprised of moneys transferred by the 1994 Trustee from the 1994 Debt Service Fund, which will be deposited into the Escrow Fund.
- (3) Comprised of \$142,652.86, representing the premium for the Bond Insurance Policy, and \$27,625.97, representing the premium for the Reserve Policy.
- (4) Moneys in the Costs of Issuance Fund will be used to pay costs of issuance with respect to the Bonds, including Bond Counsel, Disclosure Counsel, Fiscal Consultant, and Trustee fees, a placement agent fee of \$108,120.00 payable to the Underwriter with respect to the Placed Bonds, as well as printing and other costs.
- (5) Derived entirely from Bond Proceeds. Moneys in the Redevelopment Fund will be used to pay for redevelopment activities in the Project Area. See "THE PROJECT AREA" herein.
- (6) Comprised of \$13,601,030.15 of Bond Proceeds and \$29.85 transferred by the 1994 Trustee from the 1994 Debt Service Fund. Moneys in the Escrow Fund will be used to refund the 1994 Bonds in accordance with the Escrow Agreement.

THE BONDS

Authority for Issuance; Limited Obligations

The Bonds are issued pursuant to the California Constitution and under authority granted to the Commission by the Law, the Bond Resolution, and the provisions of the Indenture. The Bonds are limited obligations of the Commission payable solely from and secured solely by the amounts pledged therefor under the Indenture, which amounts are comprised of Tax Revenues and moneys held in certain of the funds established under the Indenture. Neither the Bonds nor the obligations of the Commission under the Indenture are a debt of the City, the State of California, or any political subdivision thereof (other than the Commission) and neither the City, the State, nor any political subdivision thereof (other than the Commission) is liable for the Bonds. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Commission nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance. The Commission has no taxing power. For a discussion of some of the risks associated with the purchase of the Bonds, see "RISK FACTORS" herein. See also "SECURITY FOR THE BONDS" and "LIMITATIONS ON TAX REVENUES" herein.

Description of the Bonds

The Bonds are being issued in an aggregate principal amount of \$19,185,000 in denominations of \$5,000 each or integral multiples thereof and will be dated the date of their original issuance. Subject to a possible redemption prior to maturity as provided in the Indenture, the Bonds will mature on the respective dates and bear interest in the respective amounts set forth on the cover page hereof. Interest is payable semiannually on each March 1 and September 1, commencing September 1, 2004. The Bonds will be issued as one fully registered bond, without coupons, for each maturity and, when issued, 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 of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased.

Principal of and interest on the Bonds will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described herein. See “THE BONDS – Book-Entry Only System” herein.

Redemption Provisions

Optional Redemption. Bonds maturing on or before September 1, 2014, are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, 2015, shall be subject to redemption as a whole or in part, as determined by the Commission and by lot within a maturity, at the option of the Commission, on any date on or after September 1, 2014, without premium, from any available source of funds.

Pursuant to the Indenture, the Commission is required to give the Trustee written notice of its intention to redeem Bonds as described in the preceding paragraph, which notice must include the date of such redemption and the maturities of the Bonds to be so redeemed, at least forty-five (45) days prior to the date fixed for such redemption, and is further required to transfer to the Trustee for deposit into the Debt Service Fund all amounts required for such redemption not later than the date fixed for such redemption.

Mandatory Sinking Account Redemption. The Term Bonds maturing on September 1, 2026, are subject to mandatory redemption (or purchase in lieu of such redemption, as described below), in part by lot, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium, in the aggregate principal amounts and on the dates as set forth in the following table:

<u>Redemption Date</u> <u>(September 1)</u>	<u>Principal Amount To Be</u> <u>Redeemed or Purchased</u>
2023	\$1,005,000
2024	1,055,000
2025	1,105,000
2026 (maturity)	1,160,000

If some but not all of the Term Bonds have been optionally redeemed, as described above, the total amount of all future sinking account payments shall be reduced *pro rata* by the aggregate principal amount of Term Bonds so redeemed, as set forth in the Indenture.

Purchase in Lieu of Mandatory Redemption. In lieu of the mandatory sinking account redemption of Term Bonds as described above, amounts on deposit in the Debt Service Fund as sinking

account payments may also be used and withdrawn by the Trustee, at the written direction of the Commission received prior to the selection of Term Bonds for mandatory sinking account redemption, and used to purchase Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Commission may in its discretion determine. The principal amount of any of the Term Bonds so purchased by the Commission and surrendered to the Trustee in any twelve-month period ending on September 1 in any year shall be credited towards and shall reduce the principal amount of the Bonds otherwise required to be redeemed on the following September 1 of such year pursuant to the Indenture. At the option of the Commission, any or all of the Bonds so purchased by the Commission shall be either (i) surrendered to the Trustee for cancellation or (ii) provided that the Commission shall have first obtained an Opinion of Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, surrendered to the Trustee, which shall promptly deliver such Bonds to, and shall register such Bonds in the name of, the Commission or its assignee, in which case such Bonds shall remain outstanding and shall not be cancelled or retired, notwithstanding any other provisions of the Indenture to the contrary.

Notice of Redemption. Notice of redemption shall be mailed first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to (i) the respective Owners of the Bonds designated for redemption at their addresses appearing on the Bond Register, (ii) the Bond Insurer, (iii) the Securities Depositories, and (iv) the Information Services. Notice of redemption to the Securities Depositories and the Information Services shall be given by certified or registered mail, overnight delivery or confirmed facsimile transmission. Each notice of redemption shall state the redemption date, the redemption price, if any, that (if appropriate) such redemption is conditioned upon the timely delivery of the redemption price by the Commission to the Trustee for deposit in the Debt Service Fund on or before the redemption date, the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on the Bonds to be redeemed, all or the principal amount thereof on the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure by the Trustee to give notice as described in this paragraph to any one or more of the respective Owners of any Bonds designated for redemption, the Information Services, or the Securities Depositories, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption.

Upon the occurrence of any contingent or other unscheduled Bond redemption under the Indenture, notice thereof shall be given to each Repository pursuant to and in accordance with the Continuing Disclosure Agreement.

Effect of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee in the Debt Service Fund or in any other fund or account established for such purpose, then on the redemption date designated in such notice, Bonds shall become due and payable, and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue, and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. All Bonds redeemed, or purchased in lieu of redemption, pursuant to the provisions of the Indenture shall be cancelled by the Trustee and shall be delivered to, or upon the order of, the Commission and shall not be reissued.

Registration, Transfer, and Exchange

The Trustee shall keep at the Corporate Trust Office of the Trustee sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Commission and the Bond Insurer, during normal business hours and upon reasonable prior notice to the Trustee, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds on such registration books, as provided in the Indenture.

Any Bond may, in accordance with its terms, be transferred in the registration books maintained by the Trustee by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender, at the Corporate Trust Office of the Trustee, of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Commission shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of a like aggregate principal amount of the same tenor and maturity. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same tenor and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

The Trustee shall not be required to exchange (i) any Bonds during any period established by the Trustee for selection of Bonds for redemption, or (ii) any Bond which has been selected for redemption in whole or in part.

Mutilated, Lost, Destroyed, or Stolen Bonds

If any Bond shall become mutilated, the Trustee, at the expense of the Owner thereof, shall thereupon authenticate and deliver a new Bond of like tenor, maturity, and Authorized Denomination in exchange and substitution for the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by the Trustee and delivered to, or upon the order of, the Commission.

If any Bond shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall thereupon authenticate and deliver a new Bond of like tenor, maturity, and Authorized Denomination in lieu of and in substitution for the Bond so lost, destroyed, or stolen.

The Trustee may require payment of a reasonable sum for each new Bond issued as described above and of the expenses that may be incurred by the Commission and the Trustee in connection therewith. Any Bond issued in lieu of any Bond alleged to be lost, destroyed, or stolen shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture. Neither the Commission nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds that may be issued under the Indenture or for the purpose of determining any percentage of Bonds Outstanding thereunder, but both the original and replacement Bond shall be treated as one and the same.

Book-Entry Only System

The Bonds will be initially delivered in the form of one fully registered Bond for each of the maturities of the Bonds, registered in the name of Cede & Co., as nominee of DTC, as registered owner of all the Bonds. 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 Commission or the Authority, and neither the Commission nor the Authority shall have any liability with respect thereto. Neither the Commission 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 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 securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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, but Beneficial Owners are 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 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 Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as 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 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 and defaults. 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 BY THE TRUSTEE 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 such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the City or the Commission 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 payments with respect 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 (or its nominee), the Trustee, or the City or Commission, 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 shall be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the City, the Commission or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered in accordance with the terms of the Bond Resolution.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COMMISSION AND THE AUTHORITY BELIEVE TO BE RELIABLE, BUT NEITHER THE CITY NOR THE COMMISSION TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE COMMISSION NOR THE AUTHORITY GIVES ANY ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS TO DTC PARTICIPANTS OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE BONDS RECEIVED BY DTC OR ITS NOMINEES AS THE REGISTERED OWNER, ANY REDEMPTION NOTICES, OR OTHER NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

DEBT SERVICE SCHEDULE

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Annual Debt Service</u>
September 1, 2004	\$ 550,000	\$ 254,474.51	\$ 804,474.51	\$ 804,474.51
March 1, 2005		385,999.25	385,999.25	
September 1, 2005	605,000	385,999.25	990,999.25	1,376,998.50
March 1, 2006		379,949.25	379,949.25	
September 1, 2006	620,000	379,949.25	999,949.25	1,379,898.50
March 1, 2007		370,649.25	370,649.25	
September 1, 2007	640,000	370,649.25	1,010,649.25	1,381,298.50
March 1, 2008		357,849.25	357,849.25	
September 1, 2008	665,000	357,849.25	1,022,849.25	1,380,698.50
March 1, 2009		344,549.25	344,549.25	
September 1, 2009	690,000	344,549.25	1,034,549.25	1,379,098.50
March 1, 2010		335,579.25	335,579.25	
September 1, 2010	710,000	335,579.25	1,045,579.25	1,381,158.50
March 1, 2011		324,929.25	324,929.25	
September 1, 2011	730,000	324,929.25	1,054,929.25	1,379,858.50
March 1, 2012		313,066.75	313,066.75	
September 1, 2012	755,000	313,066.75	1,068,066.75	1,381,133.50
March 1, 2013		299,854.25	299,854.25	
September 1, 2013	780,000	299,854.25	1,079,854.25	1,379,708.50
March 1, 2014		285,424.25	285,424.25	
September 1, 2014	810,000	285,424.25	1,095,424.25	1,380,848.50
March 1, 2015		270,034.25	270,034.25	
September 1, 2015	840,000	270,034.25	1,110,034.25	1,380,068.50
March 1, 2016		253,234.25	253,234.25	
September 1, 2016	870,000	253,234.25	1,123,234.25	1,376,468.50
March 1, 2017		235,290.50	235,290.50	
September 1, 2017	910,000	235,290.50	1,145,290.50	1,380,581.00
March 1, 2018		216,180.50	216,180.50	
September 1, 2018	945,000	216,180.50	1,161,180.50	1,377,361.00
March 1, 2019		195,059.75	195,059.75	
September 1, 2019	990,000	195,059.75	1,185,059.75	1,380,119.50
March 1, 2020		172,438.25	172,438.25	
September 1, 2020	875,000	172,438.25	1,047,438.25	1,219,876.50
March 1, 2021		152,007.00	152,007.00	
September 1, 2021	915,000	152,007.00	1,067,007.00	1,219,014.00
March 1, 2022		130,275.75	130,275.75	
September 1, 2022	960,000	130,275.75	1,090,275.75	1,220,551.50
March 1, 2023		107,043.75	107,043.75	
September 1, 2023	1,005,000	107,043.75	1,112,043.75	1,219,087.50
March 1, 2024		82,170.00	82,170.00	
September 1, 2024	1,055,000	82,170.00	1,137,170.00	1,219,340.00
March 1, 2025		56,058.75	56,058.75	
September 1, 2025	1,105,000	56,058.75	1,161,058.75	1,217,117.50
March 1, 2026		28,710.00	28,710.00	
September 1, 2026	<u>1,160,000</u>	<u>28,710.00</u>	<u>1,188,710.00</u>	<u>1,217,420.00</u>
Totals	\$19,185,000	\$10,847,180.01	\$30,032,180.01	\$30,032,180.01

Source: E. J. De La Rosa & Co., Inc.

SECURITY FOR THE BONDS

Pledge of Tax Revenues

The Bonds are limited obligations of the Commission, equally secured by a first pledge of and lien on all of the Tax Revenues and a first and exclusive pledge of and lien upon all of the moneys in the Special Fund, the Debt Service Fund, and the Reserve Fund, without preference or priority for series, issue, number, dated date, sale date, date of execution, or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Commission shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

The term "Tax Revenues" is defined in the Indenture, subject to the exceptions described in this paragraph, as moneys allocated within the Plan Limitations (as defined herein) and paid to the Commission derived from:

- (a) that portion of taxes levied upon assessable property within the Project Area allocated to the Commission pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws;
- (b) reimbursements, subventions (but excluding payments to the Commission with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code), or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes; and
- (c) all amounts of such taxes required to be deposited in the Low and Moderate Income Housing Fund in any Fiscal Year pursuant to Section 33334.3 of the Law, to the extent permitted to be applied to the payment of principal, interest, and premium, if any, with respect to the Bonds and any Parity Debt, but excluding amounts of such taxes required to be deposited in the Low and Moderate Income Housing Fund in any Fiscal Year pursuant to Section 33334.3 of the Law, to the extent not permitted to be applied to the payment of principal, interest, and premium, if any, with respect to the Bonds and any Parity Debt.

Tax Revenues do not include any payments made pursuant to any existing pass-through agreements entered into with any applicable taxing entity or any statutorily required payments, including, without limitation, any payments required under Section 33607.5 or 33676(a)(2) of the California Health and Safety Code, or any payments made to the County's Education Revenue Augmentation Fund created pursuant to Article 3 (commencing with Section 97) of Chapter 6 of Part 0.5 of Division 1 of the California Revenue and Taxation Code.

The term "Plan Limitations" is defined in the Indenture as the limitations contained in the Redevelopment Plan on (i) the aggregate principal amount of bonded indebtedness payable from taxes that may be divided and allocated to the Commission pursuant to the Redevelopment Plan that may be outstanding at any time, (ii) the aggregate amount of taxes that may be divided and allocated to the Commission pursuant to the Redevelopment Plan, and (iii) the period of time for establishing, incurring, or repaying indebtedness payable from taxes that may be divided and allocated to the Commission pursuant to the Redevelopment Plan. See "LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations" herein.

Allocation and Application of Tax Revenues

Allocation of Taxes Under the Law. As provided in the Redevelopment Plan and in Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the California Constitution, taxes levied on taxable property in the Project Area each year by or for the benefit of the State, cities, counties, districts, or other public corporations (collectively, the "Taxing Agencies"), for Fiscal Years beginning after the effective date of the Redevelopment Plan, will be divided as follows:

1. **To Taxing Agencies:** The portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of the Taxing Agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown on the assessment roll used in connection with the taxation of such property by such Taxing Agency last equalized before the effective date of the Redevelopment Plan (or, in the case of the CCRP Annex, before the adoption of the ordinance that added the CCRP Annex to the Central City Revitalization Project Area) will be allocated to, and when collected will be paid into the funds of, the respective Taxing Agencies as taxes by or for those Taxing Agencies.
2. **To the Commission:** The portion of such levied taxes each year in excess of such amount will be allocated to, and when collected will be paid into a special fund of, the Commission to the extent necessary to pay indebtedness of the Commission, including but not limited to its obligation to pay the principal of, prepayment premium (if any), and interest on the Bonds and to replenish the Reserve Fund established for the Bonds.

Deposit and Application of Tax Revenues. Pursuant to the Indenture, the Commission shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Commission, until such time during such Bond Year (as defined below) as the amounts on deposit in the Special Fund equal the aggregate amounts required (i) to be transferred to the Trustee for deposit into the Debt Service Fund and the Reserve Fund in such Bond Year pursuant to the Indenture and (ii) to be transferred to the Trustee or such other applicable entity for deposit in the funds and accounts established with respect to any Parity Debt, as provided in any Supplemental Indenture. The term "Bond Year" is defined in the Indenture as the period of twelve consecutive months commencing on September 2 and ending on September 1 in any year during which Bonds are or will be Outstanding; provided, however, that the first Bond Year shall commence on the Closing Date and end on September 1, 2004, and that the final Bond Year shall end on the date on which the Bonds are fully paid or redeemed.

All Tax Revenues received by the Commission during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year as described in the preceding paragraph shall be released from the pledge and lien under the Indenture for the security of the Bonds and may be applied by the Commission for any lawful purposes of the Commission, including, without limitation, the payment of Subordinate Debt or any amounts due and owing to the United States of America pursuant to the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the Commission shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Possible Limitations on Tax Revenues. The Commission has no power to levy and collect property taxes. The amount of Tax Revenues that would otherwise be available to pay the Commission's obligations, including the principal of, premium, if any, and interest on the Bonds, could be reduced by (i)

any property tax limitation, legislative measure, voter initiative, or provisions of additional sources of income to Taxing Agencies that have the effect of reducing the property tax rate, (ii) broadened property tax exemptions, or (iii) changes in economic conditions within the Project Area, including the implementation by the Commission of any existing tax sharing agreements. See "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM AND SECURED SOLELY BY THE AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE, WHICH AMOUNTS ARE COMPRISED OF TAX REVENUES AND MONEYS HELD IN CERTAIN OF THE FUNDS ESTABLISHED UNDER THE INDENTURE. NEITHER THE BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) AND NEITHER THE CITY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COMMISSION) IS LIABLE FOR THE BONDS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE COMMISSION NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

Reserve Fund

Pursuant to the Indenture, a reserve fund (the "Reserve Fund") is to be maintained by the Trustee in an amount that will be equal to the "Reserve Requirement," which is defined in the Indenture as, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the aggregate principal amount of the Bonds originally issued, (ii) Maximum Annual Debt Service (as defined below), or (iii) one hundred twenty-five percent (125%) of the Average Annual Debt Service (as defined below). In the event that the amount on deposit in the Reserve Fund on any date becomes less than the Reserve Requirement, the Trustee shall promptly notify the Commission of such fact. Promptly upon receipt of any such notice, the Commission shall withdraw from the Special Fund and transfer to the Trustee an amount sufficient to increase the amount on deposit in the Reserve Fund to the amount of the Reserve Requirement. If there shall then not be sufficient moneys in the Special Fund to transfer such required amount to the Reserve Fund, the Commission shall be obligated to continue to make such transfers to the Reserve Fund as Tax Revenues become available in the Special Fund until there is an amount equal to the Reserve Requirement on deposit in the Reserve Fund. No such transfer and deposit need be made to the Reserve Fund so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement.

The term "Maximum Annual Debt Service" is defined in the Indenture as the maximum Annual Debt Service for any Bond Year prior to the maturity of the Bonds; provided, however, that, for purposes of calculating such maximum Annual Debt Service, there shall be excluded a *pro rata* portion of each installment of principal of any series of Bonds, together with the interest to accrue thereon, in the event and to the extent that a portion of the proceeds of such series of Bonds are deposited into and remain in any escrow fund from which amounts may not be released to the Commission unless and until the escrow release test set forth in the applicable Supplemental Indenture has been satisfied. The term "Annual Debt Service" is defined in the Indenture as, for any Bond Year, the sum of (1) the interest payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding serial Bonds are retired as scheduled and that all Outstanding term Bonds, if any, are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Bonds), and (2) the principal amount of all Outstanding Bonds maturing by their terms in such Bond Year.

All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Debt Service Fund in the event of any deficiency at any time in any of the Debt Service Fund or for the retirement of all the Bonds then Outstanding. All interest income received by the Trustee on investment of moneys in the Reserve Fund shall be retained in the Reserve Fund so long as amounts on deposit in the Reserve Fund are less than the Reserve Requirement. So long as the Commission is not in default under the Indenture, any amount in the Reserve Fund in excess of the Reserve Requirement shall be withdrawn from the Reserve Fund by the Trustee semiannually on the second Business Day preceding each Interest Payment Date and deposited in the Debt Service Fund. All amounts in the Reserve Fund on the final Interest Payment Date shall be withdrawn from the Reserve Fund and shall be transferred either (i) to the Debt Service Fund, to the extent required to make the deposits then required to be made pursuant to the Indenture, or (ii) if the Commission shall have caused to be deposited in the Debt Service Fund an amount sufficient to make the deposits required by the Indenture, then the Trustee shall upon the Written Request of the Commission transfer the remaining amount to the Commission for deposit in the Redevelopment Fund.

Upon prior written notice to S&P, the Commission reserves the right to substitute, at any time and from time to time, (a) an irrevocable, unconditional letter of credit approved in writing by the Bond Insurer and issued by a bank or other financial institution approved in writing by the Bond Insurer and whose long-term uncollateralized debt obligations are rated in one of the two highest rating categories by S&P or Moody's, or, if the Bonds are not then rated, by any nationally recognized rating agency, or (b) a Qualified Reserve Fund Policy or any other form of guarantee approved in writing by the Bond Insurer, in substitution for or in place of all or any portion of the Reserve Requirement, under the terms of which the Trustee is unconditionally entitled to draw amounts when required for the purposes hereof. Upon deposit by the Commission with the Trustee of any such letter of credit, Qualified Reserve Fund Policy, or other form of guarantee, the Trustee shall withdraw from the Reserve Fund and transfer to the Commission for deposit in the Redevelopment Fund an amount equal to the principal amount of such letter of credit, surety bond, bond insurance policy, or other form of guarantee.

The Reserve Requirement with respect to the Reserve Fund will initially be satisfied with the Reserve Policy. See "MUNICIPAL BOND INSURANCE - Reserve Policy" herein.

Issuance of Parity Debt

In addition to the Bonds, the Commission may, by Supplemental Indenture, issue or incur Parity Debt payable from Tax Revenues on a parity with the Bonds to finance additional redevelopment activities within the Project Area in such principal amount as shall be determined by the Commission. The Commission may issue or incur any such other Parity Debt subject to the following specific conditions, all of which are, pursuant to the Indenture, conditions precedent to the issuance and delivery of such Parity Debt issued under the Indenture:

- (a) The Commission shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures;
- (b) The Tax Revenues estimated to be received by the Commission for the then current Fiscal Year based on the most recent assessed valuation of property in the Project Area (excluding taxes attributable to a tax rate levied by a taxing agency after January 1, 1989, for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of and interest on any bonded indebtedness of such agency), as evidenced in written documentation from an appropriate official of the County, plus, at the option of the Commission, Additional Revenues, shall be at least equal to one hundred fifty percent

(150%) of Maximum Annual Debt Service on all Bonds and Parity Debt that will be Outstanding immediately following the issuance of such Parity Debt;

- (c) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on March 1 or September 1 in any year in which principal is payable;
- (d) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide for the deposit into a reserve account for such Parity Debt of the full amount of the Reserve Requirement for such Parity Debt (which may be maintained in whole or in part in the form of an irrevocable, unconditional letter of credit, a Qualified Reserve Fund Policy, or any other form of guarantee, as permitted under the Indenture);
- (e) The aggregate amount of the principal of and interest on all Outstanding Bonds and Parity Debt coming due and payable following the issuance of such Parity Debt shall not exceed any of the Plan Limitations applicable to the Tax Revenues to be allocated and paid to the Commission following the issuance of such Parity Debt; and
- (f) The Commission shall deliver to the Trustee a Certificate of the Commission certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a), (b), (c), (d), and (e) of this paragraph have been satisfied.

Issuance of Subordinate Debt

The Commission may incur Subordinate Debt in such principal amount as shall be determined by the Commission. The Commission may issue or incur such Subordinate Debt subject to the following specific conditions precedent:

- (a) The Commission shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures;
- (b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limitations, then all Outstanding Bonds, Parity Debt, and all Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed any of the Plan Limitations applicable to the Tax Revenues to be allocated and paid to the Commission following the issuance of such Subordinate Debt; and
- (c) The Commission shall deliver to the Trustee a Certificate of the Commission certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in subsections (a) and (b) of this paragraph have been satisfied.

MUNICIPAL BOND INSURANCE

The following information has been supplied by the Bond Insurer for inclusion in this Official Statement. No representation is made by the Commission or the Underwriter as to the accuracy or completeness of the information. Reference is made to Appendix G for a specimen of the Bond Insurance Policy.

The Bond Insurer accepts no responsibility for the accuracy or completeness of this Official Statement or any other information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer and its affiliates set forth under this

heading. In addition, the Bond Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

General Information Regarding the Bond Insurer

The Bond Insurer, XLCA, is a monoline financial guaranty insurance company incorporated under the laws of the State of New York. XLCA is currently licensed to do insurance business in, and is subject to the insurance regulation and supervision by, the State of New York, forty-eight other states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Singapore. XLCA has a license application pending with the State of Wyoming, the only state in which it is not currently licensed.

XLCA is an indirect wholly-owned subsidiary of XL Capital Ltd, a Cayman Islands corporation ("XL Capital Ltd"). Through its subsidiaries, XL Capital Ltd is a leading provider of insurance and reinsurance coverages and financial products to industrial, commercial, and professional service firms, insurance companies, and other enterprises on a worldwide basis. The common stock of XL Capital Ltd is publicly traded in the United States and listed on the New York Stock Exchange (NYSE: XL). XL Capital Ltd is not obligated to pay the debts of or claims against XLCA.

XLCA was formerly known as The London Assurance of America Inc. ("London"), which was incorporated on July 25, 1991, under the laws of the State of New York. On February 22, 2001, XL Reinsurance America Inc. ("XL Re") acquired 100% of the stock of London. XL Re merged its former financial guaranty subsidiary, known as XL Capital Assurance Inc. (formed September 13, 1999) with and into London, with London as the surviving entity. London immediately changed its name to XL Capital Assurance Inc. All previous business of London was 100% reinsured to Royal Indemnity Company, the previous owner at the time of acquisition.

Reinsurance

XLCA has entered into a facultative quota share reinsurance agreement with XL Financial Assurance Ltd ("XLFA"), an insurance company organized under the laws of Bermuda, and an affiliate of XLCA. Pursuant to this reinsurance agreement, XLCA expects to cede up to 90% of its business to XLFA. XLCA may also cede reinsurance to third parties on a transaction-specific basis, which cessions may be any or a combination of quota share, first loss, or excess of loss. Such reinsurance is used by XLCA as a risk management device and to comply with statutory and rating agency requirements and does not alter or limit XLCA's obligations under any financial guaranty insurance policy. With respect to any transaction insured by XLCA, the percentage of risk ceded to XLFA may be less than 90% depending on certain factors including, without limitation, whether XLCA has obtained third party reinsurance covering the risk. As a result, there can be no assurance as to the percentage reinsured by XLFA of any given financial guaranty insurance policy issued by XLCA, including the Bond Insurance Policy.

Based on the audited financials of XLFA, as of December 31, 2003, XLFA had total assets, liabilities, redeemable preferred shares, and shareholders' equity of \$831,762,000, \$401,123,000, \$39,000,000, and \$391,639,000, respectively, determined in accordance with generally accepted accounting principles in the United States. XLFA's insurance financial strength is rated "Aaa" by Moody's and "AAA" by S&P and Fitch Inc. In addition, XLFA has obtained a financial enhancement rating of "AAA" from S&P.

The obligations of XLFA to XLCA under the reinsurance agreement described above are unconditionally guaranteed by XL Insurance (Bermuda) Ltd ("XLI"), a Bermuda company and one of the world's leading excess commercial insurers. XLI is a wholly owned indirect subsidiary of XL Capital Ltd. In addition to A.M. Best's rating of "A+" (Negative Outlook), XLI's insurance financial strength

rating is "Aa2" by Moody's, "AA-" by Standard & Poor's, and "AA" by Fitch. The ratings of XLFA and XLI are not recommendations to buy, sell, or hold securities, including the Bonds, and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's, or Fitch.

Notwithstanding the capital support provided to XLCA described in this section, the Bondholders will have direct recourse against XLCA only, and neither XLFA nor XLI will be directly liable to the Bondholders.

Financial Strength and Financial Enhancement Ratings of XLCA

XLCA's insurance financial strength is rated "Aaa" by Moody's and "AAA" by Standard & Poor's and Fitch, Inc. ("Fitch"). In addition, XLCA has obtained a financial enhancement rating of "AAA" from Standard & Poor's. These ratings reflect Moody's, Standard & Poor's, and Fitch's current assessment of XLCA's creditworthiness and claims-paying ability as well as the reinsurance arrangement with XLFA described under "Reinsurance" above.

The above ratings are not recommendations to buy, sell, or hold securities, including the Bonds, and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's, or Fitch. Any downward revision or withdrawal of these ratings may have an adverse effect on the market price of the Bonds. XLCA does not guaranty the market price of the Bonds; nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

Capitalization of XLCA

Based on the audited statutory financial statements for XLCA as of December 31, 2002, filed with the State of New York Insurance Department, XLCA has total admitted assets of \$180,993,189, total liabilities of \$58,685,217, and total capital and surplus of \$122,307,972, determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities ("SAP"). Based on the unaudited statutory financial statements for XLCA as of December 31, 2003, filed with the State of New York Insurance Department, XLCA has total admitted assets of \$329,701,823, total liabilities of \$121,635,535, and total capital and surplus of \$208,066,288, determined in accordance with SAP.

For further information concerning XLCA and XLFA, see the financial statements of XLCA and XLFA, and the notes thereto, incorporated by reference in this Official Statement. The financial statements of XLCA and XLFA are included as exhibits to the periodic reports filed with the Securities and Exchange Commission by XL Capital Ltd and may be reviewed at the EDGAR website maintained by the Securities and Exchange Commission. All financial statements of XLCA and XLFA included in, or as exhibits to, documents filed by XL Capital Ltd pursuant to Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 on or prior to the date of this Official Statement, or after the date of this Official Statement but prior to termination of the offering of the Bonds, shall be deemed incorporated by reference in this Official Statement. Except for the financial statements of XLCA and XLFA, no other information contained in XL Capital Ltd's reports filed with the Securities and Exchange Commission is incorporated by reference. Copies of the statutory quarterly and annual statements filed with the State of New York Insurance Department by XLCA are available upon request to the State of New York Insurance Department.

Regulation of XLCA

XLCA is regulated by the Superintendent of Insurance of the State of New York. In addition, XLCA is subject to regulation by the insurance laws and regulations of the other jurisdictions in which it is licensed. As a financial guaranty insurance company licensed in the State of New York, XLCA is

subject to Article 69 of the New York Insurance Law, which, among other things, limits the business of each insurer to financial guaranty insurance and related lines, prescribes minimum standards of solvency, including minimum capital requirements, establishes contingency, loss, and unearned premium reserve requirements, requires the maintenance of minimum surplus to policyholders, and limits the aggregate amount of insurance which may be written and the maximum size of any single risk exposure which may be assumed. XLCA is also required to file detailed annual financial statements with the New York Insurance Department and similar supervisory agencies in each of the other jurisdictions in which it is licensed.

The extent of state insurance regulation and supervision varies by jurisdiction, but New York and most other jurisdictions have laws and regulations prescribing permitted investments and governing the payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets, and incurrence of liabilities for borrowings.

THE FINANCIAL GUARANTY INSURANCE POLICIES ISSUED BY XLCA, INCLUDING THE BOND INSURANCE POLICY, ARE NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

The principal executive offices of XLCA are located at 1221 Avenue of the Americas, New York, New York 10020, and its telephone number at this address is (212) 478-3400.

Payments Under the Bond Insurance Policy

Payment of the principal of and interest on the Bonds when due will be insured by the Bond Insurance Policy to be issued by the Bond Insurer simultaneously with the delivery of the Bonds. If, on the third Business Day prior to the related scheduled Interest Payment Date or principal payment date ("Payment Date"), there is not on deposit with the Trustee under the Indenture, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Commission or the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent"), by telephone or telecopy, of the amount of such deficiency by 10:00 a.m., New York City time, on such Business Day. If, on the Business Day prior to the related Payment Date, there is not on deposit with the Trustee moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of any deficiency in the amount available to pay such principal and interest, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Bond Insurer and the Insurer's Fiscal Agent by 10:00 a.m., New York City time, on such Business Day, by delivering the Notice of Nonpayment and Certificate.

For purposes of the preceding paragraph, "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Trustee to the Bond Insurer, which notice shall specify (a) the name of the entity making the claim, (b) the Bond Insurance Policy number, (c) the claimed amount, and (d) the date such claimed amount will become Due for Payment. "Nonpayment" means the failure of the Commission to have provided sufficient funds to the Trustee for payment in full of all principal of and interest on the Bonds that are Due for Payment. "Due for Payment," when referring to the principal of Bonds, means when the stated maturity date or mandatory redemption date for the application of a required sinking account installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking account installments, acceleration, or other

advancement of maturity, unless the Bond Insurer shall elect, in its sole discretion, to pay such principal due upon such acceleration; and when referring to interest on Bonds, means when the stated date for payment of interest has been reached. "Certificate" means a certificate in form and substance satisfactory to the Bond Insurer as to the Trustee's right to receive payment under the Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal of the Bonds paid by the Bond Insurer at maturity on its books as a reduction in the principal amount of Bonds registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Bond Insurer, registered in the name of the Bond Insurer, as the case may be, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Commission on any Bond or the subrogation rights of the Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (as hereinafter defined) and the allocation of such funds to payment of interest on and principal paid with respect to any Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Owners of Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of Bonds in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payments with respect to the Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses, or liabilities of the Trustee.

Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to the Bond Insurer.

Reserve Policy

The Reserve Fund will initially be funded with the Reserve Policy issued by the Bond Insurer in the maximum amount of \$1,500,000, which amount is not less than the amount of the Reserve Requirement. The Reserve Policy is a Qualified Reserve Fund Policy, as such term is defined in the Indenture. The Commission's repayment obligations with respect to the Reserve Policy will be governed by the terms of the Financial Guaranty Agreement.

OXNARD COMMUNITY DEVELOPMENT COMMISSION

General Information

The Agency was established pursuant to the Law and was originally activated pursuant to by Resolution No. 2365, adopted by the City Council of the City (the "City Council") on November 8, 1960, at which time the City Council declared itself to be the legislative body of the Agency. On

February 7, 1995, the Commission became the successor-in-interest to the Agency pursuant to Ordinance No. 2358, adopted by the City Council. The Commission is charged with the authority and responsibility of redeveloping and eliminating blighted areas of the City.

Commission Powers and Duties

All powers of the Commission are vested in five commissioners, who are the members of the City Council. The Commission exercises all the governmental functions as authorized under the Law and has, among other powers, the authority to acquire, administer, develop, lease, or sell property, including the right of eminent domain and the right to issue bonds and expend the proceeds thereof. The Commission can clear buildings and other improvements and can develop as a building site any real property owned or acquired and in connection with such development, cause streets, highways, and sidewalks to be constructed or reconstructed, and cause public utilities to be installed.

The Commission may, out of funds available for such purposes, pay for all or part of the value of land and the cost of building facilities, structures, or other improvements to be publicly owned and operated to the extent that such improvements are of benefit to the Project Area and no other reasonable means of financing are available. The Commission must sell or lease property within the Project Area for redevelopment in strict conformity with the Redevelopment Plan and may specify a period within which such redevelopment must begin or be completed.

Redevelopment Project Areas

For nearly 30 years, the City has had as one of its major policy goals the preservation and expansion of the downtown area for high quality development. This goal has been reinforced and restated in a variety of policy documents and physical development projects. In July 1963, the City Council adopted the Daniel, Mann, Johnson and Mendenhall report entitled "A Plan for the Revitalization of the Oxnard Metropolitan Core Area." The report recommended revitalization of the downtown area as the "heart of the City." A major feature of the plan was the formal introduction of the concept of "superblocks" and pedestrian plazas. In October 1966, City Council adopted a General Neighborhood Renewal Plan, which outlined redevelopment objectives, provided an eight-year action program, and designated two redevelopment project areas: the Downtown Renewal (R-108) Project Area and the Central City Revitalization Project Area, which are now both a part of the Project Area. In addition to the Project Area, the following project areas have been formed in the City:

Ormond Beach Project Area

The redevelopment plan for the Ormond Beach Project Area (the "Ormond Beach Project Area") was approved by the City Council on November 22, 1983, pursuant to Ordinance No. 1990. The Ormond Beach Project Area consists of 1,334 acres of industrial, primitive beach, wetlands, and undeveloped property approximately five miles south of the Downtown Renewal (R-108) Project Area. The redevelopment plan for the Ormond Beach Project Area provides for the mitigation of several blighting conditions that limit the area's residential, industrial, and recreational development potential. The conditions include flooding, inadequate streets and parking areas, and unimproved access to both beach areas and undeveloped parcels.

Southwinds Project Area

The redevelopment plan for the Southwinds Project Area (the "Southwinds Project Area") was approved by the City Council on June 18, 1985, pursuant to Ordinance No. 2040. The Southwinds Project Area consists of approximately 131 acres of residential, commercial, and undeveloped property.

The redevelopment plan for the Southwinds Project Area provides for the elimination of blighted conditions and deterioration by (i) assisting in the revitalization of the commercial properties, (ii) upgrading property maintenance through increased inspections and code enforcement, (iii) providing rehabilitation loans to property owners, and (iv) instituting a neighborhood clean-up program.

Historic Enhancement and Revitalization of Oxnard (HERO)

The redevelopment plan for the Historic Enhancement and Revitalization of Oxnard (Hero) Redevelopment Project Area (the "Hero Project Area") was approved by the City Council on April 7, 1998, pursuant to Ordinance No. 2462. The Hero Project Area consists of approximately 2,229 acres of residential, commercial, and undeveloped property. The redevelopment plan for the Hero Project Area provides for the elimination of blighted conditions and deterioration through a number of infrastructure improvements, including freeway interchanges reconstruction, street lighting and traffic signal improvements, roadway improvements, parking improvements, and utility undergrounding.

THE PROJECT AREA

Description

Pursuant to Ordinances Nos. 2525 and 2526, adopted by the City Council on July 18, 2000, the City Council approved the Redevelopment Plan, pursuant to which the Downtown Renewal (R-108) Project Area and the Central City Revitalization Project Area (including the CCRP Annex) were merged into the Project Area. Pursuant to the Redevelopment Plan, tax increment revenue attributed to each of the Constituent Project Areas may be used for any lawful purpose in any or all of the Constituent Project Areas.

The Project Area currently encompasses approximately 588 acres, extending east and south from City Hall, approximately 1.7 miles south of U.S. Highway 101 and approximately 3.2 miles east of the Pacific Ocean. The Project Area encompasses a portion of the City's downtown, the City's central industrial business center, and the City's Channel Islands Business Center.

Constituent Project Areas

The Project Area is comprised of two Constituent Project Areas: the Downtown Renewal (R-108) Project Area and the Central City Revitalization Project Area, which includes the CCRP Annex, as more fully described below.

Downtown Renewal (R-108) Project Area. The redevelopment plan for the Downtown Renewal (R-108) Project Area was originally adopted by the City Council on May 14, 1968. The Downtown Renewal (R-108) Project Area encompassed approximately 20 acres of the downtown area of the City and is intended to renew and revitalize the City's downtown core. The Downtown Renewal (R-108) Project Area is bounded by South C Street on the west, West Third Street on the north, South Oxnard Boulevard on the east, and West Sixth Street on the south. The downtown area of the City is predominantly developed in commercial uses and there is little remaining vacant land. A majority of the parcels in the downtown area are owned by governmental agencies such as the City and the Commission.

Central City Revitalization Project Area. The redevelopment plan for the Central City Revitalization Project Area was originally adopted by the City Council on July 6, 1976. The Central City Revitalization Project Area covers approximately 430 acres and is generally located east of South Oxnard Boulevard and south of East Third Street. The majority of the parcels within the Central City

Revitalization Project Area are developed for residential use; however, the area also includes a number of commercial and industrial properties that account for a large majority of the assessed value within the project area. The Central City Revitalization Project Area (not including the CCRP Annex) includes 26 vacant parcels, which cover approximately nine acres.

CCRP Annex. The redevelopment plan for the Central City Revitalization Project Area was amended on May 7, 1985, which amendment added the CCRP Annex to the Central City Revitalization Project Area. The CCRP Annex was originally planned as a part of the Central City Revitalization Project Area that would not receive tax increment, nor use tax increment financing for undertaking redevelopment activities. The CCRP Annex existed in this form until July 18, 2000, at which time the City Council adopted Ordinance No. 2524, which added tax increment and eminent domain authority to the CCRP Annex and established the limits required by the Law. The CCRP Annex covers approximately 138 acres and is generally bounded by Pacific Avenue on the west, East Wooley Road on the north, South Rose Avenue on the east, and Ives Avenue on the south. The CCRP Annex is developed with predominantly industrial uses and includes only approximately 3.89 acres of vacant land.

The Redevelopment Plan

The Redevelopment Plan was adopted by the City Council on July 18, 2000, pursuant to Ordinance No. 2526, and effectively merged the Downtown Renewal (R-108) Project Area and the Central City Revitalization Project Area (including the CCRP Annex) into the Project Area. The Redevelopment Plan replaced and superseded the redevelopment plans for (i) the Downtown Renewal (R-108) Project Area, adopted on May 14, 1968, pursuant to Ordinance No. 1142, as amended on May 6, 1986, by Ordinance No. 2075, as further amended on November 8, 1994, by Ordinance No. 2344, and as further amended on January 12, 1999, by Ordinance No. 2478, and (ii) the Central City Revitalization Project Area, adopted on July 6, 1976, pursuant to Ordinance No. 1621, as amended on February 6, 1979, by Ordinance No. 1744, as further amended on May 7, 1985, by Ordinance No. 2038, which added 138 acres of new territory to the original project area (called herein the CCRP Annex), as further amended on May 6, 1986, by Ordinance No. 2075, as further amended on November 8, 1994, by Ordinance No. 2343, and as further amended on January 12, 1999, by Ordinance No. 2477.

All real property in the Project Area that is owned or acquired by the Commission is subject to the controls and restrictions of the Redevelopment Plan. The Redevelopment Plan requires that new construction shall comply with all applicable State statutes and local laws and codes in effect from time to time. In addition to applicable codes, ordinances, or other requirements governing development in the Project Area, additional specific performance and development standards may be adopted by the Commission to control and direct redevelopment activities in the Project Area. No new improvement shall be constructed in the Project Area, and no existing improvements therein shall be substantially modified, altered, repaired, or rehabilitated, except in accordance with the Redevelopment Plan and with the development and design controls contained therein or imposed in accordance therewith. In addition, notwithstanding the redevelopment activities undertaken in connection with the Redevelopment Plan, the total number of buildings and the total number of dwelling units in the Project Area may not exceed the limitations imposed on buildings and dwelling units under the City's General Plan.

Land Use

The Project Area includes a variety of land uses, primarily consisting of commercial, mixed use, light industrial applications, and residential use. The Commission reports that the Project Area contains approximately 9.47 developable acres within the Project Area's 588 acres. Developable acres include vacant land and underdeveloped and non-conforming uses. The following table summarizes current land

use in the Project Area, including the number of acres for each type of land use and the taxable value of such acres for Fiscal Year 2003-04:

Table 1
Oxnard Community Development Commission
Downtown Renewal (R-108) and Central City Revitalization Project Area
Land Use Summary

<u>Category</u>	<u>No. Parcels</u>	<u>Net Taxable Value</u>	<u>% of Total</u>
Residential	449	\$ 31,488,082	7.82%
Commercial	215	70,826,701	17.59
Industrial	254	221,374,108	54.98
Recreational	1	924,012	0.23
Institutional	8	1,051,779	0.26
Vacant Land	26	1,773,825	0.44
Exempt	146	0	0.00
Miscellaneous	<u>25</u>	<u>2,311,712</u>	<u>0.57</u>
Subtotal	1,124	\$329,750,219	81.89%
Non-Unitary		1,270,050	0.32%
Unsecured		<u>71,644,622</u>	<u>17.79</u>
Subtotal		\$72,914,672	18.11%
Total:		\$402,664,891	100.00%

Source: HdL Coren & Cone.

Major Taxpayers

The combined assessed value of the property owned by the top ten property taxpayers for Fiscal Year 2003-04 is \$104,315,203, which is 25.41% of the total assessed value of the Project Area for such tax year. Nine of the Project Area's top ten taxpayers are located within the Central City Revitalization Project Area, and the top ten taxpayers in the Project Area are all owners of industrial properties and/or properties on the unsecured roll. The following table details the ranking, by assessed value, of the top ten taxpayers in the Project Area:

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Table 2
Oxnard Community Development Commission
Downtown Renewal (R-108) and Central City Revitalization Project Area
Ten Largest Property Tax Payers
Fiscal Year 2003-04

	SECURED VALUE			UNSECURED VALUE			TOTAL VALUE		Use Code
	Value	Parcels	% of Secured Assessed Value	Value	Parcels	% of Unsecured Assessed Value	Value	% of Total Assessed Value	
1. Terminal Freezers Inc.	\$28,777,608	5	8.69%	\$578,300	1	0.73%	\$29,355,908	7.15%	Industrial
2. Saticoy Lemon Association	12,899,351	1	3.90	0	0	0.00	12,899,351	3.14	Industrial
3. Harry Ross Industries	12,120,306	5	3.66	0	0	0.00	12,120,306	2.95	Industrial
4. Essex Portfolio Limited Partnership	8,063,842	1	2.44	0	0	0.00	8,063,842	1.96	Unsecured
5. Smucker Fruit Processing Company	7,852,604	5	2.37	0	0	0.00	7,852,604	1.91	Industrial
6. Western Precooling Systems	5,223,264	2	1.58	2,552,100	7	3.21	7,775,364	1.89	Industrial
7. Accurate Engineering-Fabric	3,208,031	1	0.97	3,854,070	1	4.85	7,062,101	1.72	Industrial
8. Catalytic Solutions Inc.	0	0	0.00	6,728,860	4	8.47	6,728,860	1.64	Unsecured
9. Oxnard Industrial Park II LLC	6,521,644	5	1.97	0	0	0.00	6,521,644	1.59	Industrial
10. R & P Pacific Development	<u>5,935,223</u>	<u>1</u>	<u>1.79</u>	<u>0</u>	<u>0</u>	<u>0.00</u>	<u>5,935,223</u>	<u>1.45</u>	Industrial
Totals	\$90,601,873	26	27.37%	\$13,713,330	13	17.25%	\$104,315,203	25.41%	
Project Area Totals	\$331,020,269			\$79,484,998			\$410,505,267		
Project Area Incremental Value ⁽¹⁾	\$236,045,648		38.38%	\$55,588,156		24.67%	\$291,633,804	35.77%	

(1) The "incremental value" is calculated as the current assessed value, less the applicable base year assessed value.
See "Assessed Values and Tax Increment Revenues" and "Projected Tax Revenues and Debt Service Coverage" below.
Source: HdL Coren & Cone.

Historical Development in Project Area

Downtown Renewal (R-108) Project Area. The first project area to be redeveloped in accordance with the General Neighborhood Renewal Plan was the Constituent Project Area known as the Downtown Renewal (R-108) Project Area, which includes the heart of the City's business district. Specific planning activities with respect to the Downtown Renewal (R-108) Project Area began in July 1966, after the receipt by the City of federal funding. On May 14, 1968, the City Council adopted Ordinance No. 1142, which approved the redevelopment plan for the Downtown Renewal (R-108) Project Area.

The Downtown Renewal (R-108) Project Area covers a nine-block, 20-acre area that was subjected to a combination of clearance and rehabilitation intended to revitalize downtown Oxnard and maintain its existing share of the regional retail market. The gross cost of the program was approximately \$11.5 million by the time the project was completed in 1978. Approximately \$1.9 million of major supporting utility and facility improvements were made by the City in the Downtown Renewal (R-108) Project Area, including the Third Street Bridge over Oxnard Boulevard and a three-block Plaza Park Pedestrian Mall from Sixth Street to Third Streets in the former right-of-way of "A" Street. At completion, over 125,000 square feet of new rehabilitated retail and commercial floor space had been developed in the Downtown Renewal (R-108) Project Area.

Central City Revitalization Project Area. In July 1976, the City Council adopted the redevelopment plan for the Constituent Project Area known as the Central City Revitalization Project Area, which plan identified three priority areas for planning and detailed analysis and proposed the total redevelopment of the 40-acre plus action area, with a range of land uses including housing, office, retail, light manufacturing, and a centralized transportation complex. In March 1985, the Commission adopted the Oxnard Downtown Revitalization Strategy Report (the "Strategy Report"), which was jointly prepared by a cross section of private representatives, including downtown businesses, property owners, developers, and the Real Estate Research Corporation, Los Angeles. A market concept and strategy was outlined for revitalizing downtown Oxnard, emphasizing unique and distinct development projects. The Strategy Report included a recommendation for an initial period of substantial public capital investment in cooperation with private development, which was expected to generate greater private sector development, thereby reducing need for public involvement. It was thought that this would result in a "payback" for initial public investment.

The Central City Revitalization Project Area encompasses approximately 430 acres and is located in the central portion of the City, approximately 2.25 miles south of U.S. Highway 101, bounded on the north by Third Street, on the east by Rose Avenue, on the south by Oxnard Boulevard and Wooley Road, and on the west by "C" Street. The area is principally zoned for light and heavy manufacturing and commercial uses, with some residential zoned areas. Redevelopment activities in the Central City Revitalization Project Area and the Downtown Renewal (R-108) Project Area have included the following projects:

- **Oxnard Transportation Center.** The Oxnard Transportation Center (the "OTC") is located on a four-acre parcel directly east of the Downtown Renewal (R-108) Project Area and bounded by Oxnard Boulevard, Fifth Street, and railroad tracks. The OTC was completed in November 1986. The first tenant was the South Coast Area Transit ("SCAT") regional bus system, which utilizes the specially designed SCAT Transfer Island just west of the OTC. Other tenants include Greyhound Bus Lines and Amtrak, in addition to other support businesses. The OTC project included new commercial and rehabilitation of existing buildings on the frontages of Oxnard Boulevard and Fifth Street. In addition, the Commission has undertaken the rehabilitation of properties in the Central City Revitalization Project Area, which rehabilitation has provided approximately 70,500 square feet of private commercial, retail, and office space in conjunction with the publicly oriented OTC.
- **"A" Street Mall Renovation.** The renovation of the "A" Street Mall began on October 1, 1986, and was completed on February 4, 1987. The renovation was the result of two-and-one-half years of public-private partnership. The Commission and over twenty private "A" Street property owners shared in the planning, design, and construction costs of approximately \$550,000 to re-open the street and add 90 parking spaces. The re-opening of "A" Street provided an important stimulus for the economic vitality of downtown Oxnard
- **Penny's Building Rehabilitation.** The design, rehabilitation, leasing, and management of the previously Commission-owned property known as the Penny's Building provided approximately 32,000 square feet of mixed-use retail and office space. The renovation was a key anchor for the lower end of the "A" Street mall. The property was subsequently sold to private individuals and returned to the secured tax roll.
- **Mariner's Place Apartments.** Construction on the Mariner's Place Apartments was completed on June 1, 1987. The 105-unit complex features one- and two-bedroom units, a pool and spa, a tenant-access-only security system, garage, extensive landscaping, and unique architectural and design elements.

- Heritage Square Renovation. The Heritage Square project, which opened in October 1991, included the renovation of 11 historic homes and a community facility called "Heritage Hall." Heritage Square and its common grounds may be rented for weddings and other special events.

Current Development

Theater Project. As part of the on-going efforts to revitalize downtown Oxnard, on November 26, 2002, the City Council and the Commission approved a Disposition and Development Agreement ("DDA") for the development of a multiplex theater and retail development (the "Theater Project") in the Project Area, to be located between South "A" Street to the east, South "B" Street to the West, West Fourth Street to the north, and West Fifth Street to the south. The proposed theater complex includes 14 auditoriums with a total of 2,115 stadium-style seats located in 43,647 square feet of ground floor area, which will be operated as a first run, first class, state-of-the-art motion picture theater with stadium style seating. Phase 1 of the retail component of the Theater Project is expected to include retail space comprised of approximately 15,766 square feet of gross leasable area of new retail and/or restaurant improvements. Property adjacent to the theater complex has been acquired by the Commission and will be conveyed to the theater landlord. The theater landlord will develop a Phase 2 of retail space of approximately 6,000 square feet of gross leasable area of new retail and/or restaurant improvements. If both the Phase 1 and Phase 2 retail spaces are built, there will be a total of approximately 21,766 square feet of gross leasable area of new retail and/or restaurant improvements. An approximately 450-space public parking structure is currently under construction as part of the Theater Project, which will serve the theater, the civic center, and downtown merchants.

The DDA requires the theater to be continuously operated as a first-run, first-class, state-of-the-art motion picture theater for 25 years, and requires the Commission to provide a lease guarantee that would guarantee payment of certain enumerated items in the theater lease. Under the theater lease guarantee, the Commission will be subject to a contingent liability of approximately \$1,604,809 per year for 25 years, plus any increases in common area maintenance charges, property taxes, and property insurance for years 2 through 25 of the theater lease. The Commission would only be obligated to make lease guarantee payments if both the theater operator and the theater landlord do not have net adjusted cash flow to pay the amounts being guaranteed by the Commission. It is anticipated that the theater project will generate approximately \$120,000 annually in tax increment funds, \$24,000 of which will be added to the Low and Moderate Income Housing Fund. Therefore, a net amount of approximately \$96,000 annually in tax increment funds could be available to offset potential lease guarantee payments. Tax Revenues are not pledged, however, to make any required lease guarantee payments, and the Commission believes that the payment of debt service with respect to the Bonds will be a superior obligation to the payment of lease guarantee payments.

DDA Challenge. A lawsuit has been filed in the Ventura County Superior Court, identified as *Martin Jones v. City Council of the City of Oxnard and the Community Development Commission for the City of Oxnard* (Ventura County Superior Court CIV 217200). The claims asserted in the lawsuit include violations of the Ralph M. Brown Act, California Government Code section 54950, *et seq.* (the "Brown Act"). Plaintiff in that case seeks a writ of mandate to set aside the DDA, which was adopted at a regularly scheduled meeting following a public hearing noticed in the manner required by law. The Plaintiff seeks no monetary damage, but does request that the court award him attorneys' fees and related expenses for prosecuting the action. The City Council and the Commission have filed their answer to the lawsuit denying all material allegations and raising affirmative defenses. The case is ready for trial and awaiting a trial date. The City and the Commission previously filed a motion for summary adjudication of the mandate cause of action asserted with respect to the DDA, which motion was denied on February 23, 2004. See "LITIGATION" herein.

In order to provide appropriate assurances to lenders to finance theater construction while the litigation is pending, the Commission, the theater operator, the theater landlord, and the theater landlord's lender intend to enter into a "Loan Assurance Agreement" for the purpose of providing for the redevelopment of the DDA site and inducing the necessary construction financing for such redevelopment to occur. Among other things, the Loan Assurance Agreement is expected to provide that, so long as the theater landlord and the theater operator perform all obligations set forth in the DDA whether or not it is set aside, the Commission agrees that it will make any lease guarantee payments as and when they would have been made under the theater lease guarantee, all as more particularly set forth in the Loan Assurance Agreement. Tax Revenues are not pledged, however, to make any required lease guarantee payments to be made under the Loan Assurance Agreement, and the Commission believes that the payment of debt service with respect to the Bonds will be a superior obligation to the payment of any such lease guarantee payments.

Downtown Oxnard Marketplace. Pursuant to the DDA, the Commission agreed to a period of exclusive negotiation with the theater landlord Strand Cinemas, LLC, a California limited liability company, regarding the possible development of an international marketplace in downtown Oxnard (the "Downtown Oxnard Marketplace"). The initial period of exclusive negotiations ended and a new Exclusive Negotiation Agreement ("ENA") regarding the Downtown Oxnard Marketplace was entered into by the same parties on July 8, 2003. Upon the expiration of the period of exclusive negotiations under the ENA, a subsequent Exclusive Negotiation Agreement (the "Subsequent ENA") was entered into on January 6, 2004, by the Commission and Oxnard Plaza Associates LLC, a California limited liability company ("OPA"), an entity created by Strand Cinemas, LLC, for the purpose of pursuing the development of the Downtown Oxnard Marketplace.

The Downtown Oxnard Marketplace is intended to make downtown Oxnard a showplace for international culture, goods, foods, and restaurants, and may include residential and commercial uses. The area of downtown Oxnard covered by the ENA and the Subsequent ENA is the area in the City bounded by Fourth Street to the north, Ninth Street to the south, Oxnard Boulevard to the east, and the alley between "C" and "D" Streets to the west. Exclusions will be made for publicly-owned property being used for civic, library, or other governmental uses, and property already under negotiation by or agreement with the City and the Commission. Notwithstanding the Subsequent ENA, neither the City nor the Commission have made any commitment regarding its ability or desire to enter into any agreement regarding OPA's possible development of the Downtown Oxnard Marketplace.

During the negotiation period under the Subsequent ENA, OPA is required to complete certain predevelopment studies related to the development of the Downtown Oxnard Marketplace, which predevelopment studies will include comprehensive development and marketing planning consistent with the thematic idea of the Downtown Oxnard Marketplace, an economic study to test and refine OPA's development and marketing strategy, finalization of joint venture arrangements with Shea Homes or another residential developer to provide necessary equity capital and expertise in residential development, and commencement of negotiations with the Commission, the City, and private property owners for the acquisition of all necessary properties. The period of exclusive negotiations under the Subsequent ENA was 90 days beginning January 6, 2004. The agreement was extended in accordance with its terms for an additional 90 days on April 4, 2004.

Planned Project Area Improvements

The Commission intends to utilize a portion of the Bond proceeds and any moneys available in the Redevelopment Fund to finance various infrastructure improvements in the Project Area. The following table details the improvements currently planned by the Commission:

Table 3
Oxnard Community Development Commission
Downtown Renewal (R-108) and Central City Revitalization Project Area
Description and Estimated Costs of Improvements

<u>Description of Improvement</u>	<u>Estimated Cost</u>
Parking Structures	\$1,500,000
Plaza Park Expansion/Improvements	500,000
CBD Streetscape	2,000,000
Façade Improvement Program	250,000
Surface Parking Lot/Alleyway Upgrades	<u>750,000</u>
Total Estimated Cost	\$5,000,000

Source: Commission.

Assessed Values in the Project Area

The following table sets forth the actual assessed values for the Project Area for Fiscal Years 1998-99 through 2003-04. The average annual growth rate in assessed values for Fiscal Years 1998-99 through 2003-04 was 10.9%.

Table 4
Oxnard Community Development Commission
Downtown Renewal (R-108) and Central City Revitalization Project Area
Assessed Values
Fiscal Years 1998-99 through 2003-04

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Secured Value	\$206,505,692	\$210,899,336	\$223,981,666	\$242,234,874	\$315,438,420	\$331,020,269
Unsecured Value	43,609,194	43,762,536	47,474,487	51,616,717	71,547,880	79,484,998
Total	\$250,114,886	\$254,661,872	\$271,456,153	\$293,851,591	\$386,986,300	\$410,505,267
Less: Base Year Value ⁽¹⁾	55,662,058	55,662,058	55,662,058	55,662,058	118,871,463	118,871,463
Incremental Value	\$194,452,828	\$198,999,814	\$215,794,095	\$238,189,533	\$268,114,837	\$291,633,804
Percentage Change	N/A	2.34%	8.44%	10.38%	12.56% ⁽¹⁾	8.77%

(1) Total base year valuation of \$55,662,058 for Fiscal Years 1998-99 through 2001-02 is comprised of a secured valuation of \$47,379,986 and an unsecured valuation of \$8,282,072. In Fiscal Year 2002-03, the County revised the base year valuation to \$118,871,463, comprised of a secured valuation of \$94,974,621 and an unsecured valuation of \$23,896,842. The Commission believes that the base year value revision is incorrect, and the Commission is currently disputing such revision. Notwithstanding such dispute, the Fiscal Consultant's Report reflects the base year value as revised by the County. See "LITIGATION" and "APPENDIX F - Fiscal Consultant's Report" herein.

Source: HdL Coren & Cone.

Historic Appeals

Pursuant to the Fiscal Consultant's Report (as defined herein), data regarding historic assessment appeals is not readily available from the County. However, the Fiscal Consultant has reviewed all historic and pending assessment appeals on file with the Clerk of the County Board of Supervisors and found that only one property owner, Terminal Freezers Inc. ("Terminal Freezers"), has filed any assessment appeals with respect to property within the Project Area. Terminal Freezers, the top taxpayer within the Project Area, filed an assessment appeal for reduction of personal property value for fiscal years 1999-00 through 2002-03. On December 8, 2003, the County's Assessment Appeals Board agreed to reduce Terminal Freezers' personal property assessments by the amounts shown in the following table. The Assessment Appeals Board did not direct any reduction of the values for fiscal year 2003-04. According to County records, there are no pending appeals.

Table 5
Oxnard Community Development Commission
Downtown Renewal (R-108) and Central City Revitalization Project Area
Terminal Freezers Inc. Value Reductions

<u>Fiscal Year</u>	<u>Personal Property Assessment Value</u>	<u>Personal Property Value Reduction</u>	<u>Revised Value</u>
1999-00	\$4,034,900	(\$166,000)	\$3,868,900
2000-01	4,190,300	(154,300)	4,036,000
2001-02	4,842,900	(126,100)	4,716,800
2002-03	4,145,000	(103,000)	4,042,000

Source: HdL Coren & Cone.

Tax Rates

Tax rates vary from area to area within the State, as well as within a community and a redevelopment project area. The tax rate for any particular parcel is based on the jurisdictions levying the tax rate for the area in which the parcel is located. A tax rate consists of the general tax rate of \$1.00 per \$100 of taxable value, as determined by Article XIII A of the California Constitution (the "General Tax Rate"), plus a tax rate approved by voters or authorized under Article XIII A, if any, that exceeds the General Tax Rate (the "Override Rate"). See "LIMITATIONS ON TAX REVENUES" herein.

The Project Area includes a total of thirteen Tax Rate Areas ("TRAs"), of which eight contain taxable value. A TRA is a geographic area within which the taxes on all property are levied by a certain set of taxing entities. These taxing entities each receive a prorated share of the General Tax Rate and those taxing entities with voter-approved Override Rates receive the revenue resulting from that Override Rate. The TRAs in the Project Area that contain taxable value are spread among the Project Area as follows: the Downtown Renewal (R-108) Project Area contains one TRA, the Central City Revitalization Project Area (not including the CCRP Annex) contains five TRAs, and the CCRP Annex contains two TRAs.

The following table details the tax rates for Fiscal Year 2003-04 for the TRAs included in the Project Area:

Table 6
Oxnard Community Development Commission
Downtown Renewal (R-108) and Central City Revitalization Project Area
Tax Rates for Fiscal Year 2003-04

	6	1	1
Number of Tax Rate Areas	6	1	1
Incremental Value	\$253,923,108	\$36,436,771	\$1,273,925
General Tax Rate	1.000000	1.000000	1.000000
Oxnard Elementary School District	0.046200	0.046200	0.046200
Metropolitan Water District	0.006100		
Metropolitan Water District #12		0.007900	
City of Oxnard	0.076637	0.076637	0.076637
Redevelopment Tax Rate	1.128937	1.130737	1.122837
Oxnard Elementary School District	0.045000	0.045000	0.045000
Oxnard High School District	0.013300	0.013300	0.013300
Ventura Community College District	0.016600	0.016600	0.016600
Total Tax Rate:	1.203837	1.205637	1.197737

Source: HdL Coren & Cone.

Historical Tax Increment Revenues; Tax Increment Limits

The Ventura County Auditor-Controller (the "Auditor-Controller") does not currently maintain records of the cumulative amount of tax increment revenue that has been allocated to the Project Area.

However, based on available historical values and the projected tax increment revenues provided by the Commission (see Table 7 entitled “Historical Tax Revenues” and Table 8 entitled “Projected Tax Revenues” below), the Fiscal Consultant has concluded that it is unlikely that the limitations on tax increment contained in the Redevelopment Plan for the Project Area will ever be exceeded (see “LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations” herein). As set forth in the Fiscal Consultant’s Report, even if it is assumed that the Constituent Project Areas received the same amount of gross Tax Revenues as projected for the 2003-04 Fiscal Year in all prior Fiscal Years that the Constituent Project Areas were eligible to receive Tax Revenues, and if it is further assumed that the Constituent Project Areas will continue to receive Tax Revenues as projected in Table 8 through the lives of each such Constituent Project Area, the Project Area will still be more than \$135 million below the cumulative tax increment limit of \$329 million for the Project Area.

Under the foregoing assumptions, however, if the growth in assessed value for the remaining life of the Constituent Project Areas is sustained at greater than 5% per year, the cumulative tax increment may exceed the tax increment limit before the Project Area’s last date to repay debt with tax increment revenues. If the cumulative tax increment limit for the Project Area is reached, the Commission will no longer be able to collect tax increment revenue for the repayment of debt except in certain limited circumstances.

The following table details the historical Tax Revenues from Fiscal Year 1993-94 to Fiscal Year 2002-03:

Table 7
Oxnard Community Development Commission
Downtown Renewal (R-108) and Central City Revitalization Project Area
Historical Tax Revenues
Fiscal Years 1993-94 through 2002-03

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	CCRP Annex	Total
1993-94	\$2,136,970	\$133,908		\$2,270,878
1994-95	2,162,344	125,408		2,287,752
1995-96	2,263,125	111,647		2,374,772
1996-97	1,948,595	119,874		2,068,469
1997-98	1,943,906	105,374		2,049,280
1998-99	1,962,381	91,763		2,054,144
1999-00	2,241,851	114,039		2,355,890
2000-01	2,421,725	117,603		2,539,328
2001-02	2,659,219	137,706		2,796,925
2002-03	2,828,915	162,448	\$166,928	3,158,291

Source: Commission.

Projected Tax Revenues and Debt Service Coverage

The Commission has retained HdL Coren & Cone, Diamond Bar, California (the “Fiscal Consultant”), to provide projections of Tax Revenues and other information pertaining to the Project Area. The report prepared by the Fiscal Consultant (the “Fiscal Consultant’s Report”) is attached to this Official Statement as Appendix F. The Commission believes that the assumptions upon which the projections contained in the Fiscal Consultant’s Report are based are reasonable; however, some such assumptions may not materialize and unanticipated events and circumstances may occur (see “RISK FACTORS” herein). Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material. Investors should read the complete Fiscal Consultant’s Report set forth in Appendix F.

The following table details the projected Tax Revenues for the Fiscal Years 2003-04 through 2025-26:

Table 8
Oxnard Community Development Commission
Downtown Renewal (R-108) and Central City Revitalization Project Area
Projected Tax Revenues
Fiscal Years 2003-04 through 2025-26
(000's omitted)

	<u>Total Taxable Value</u>	<u>Taxable Value Over Base Year</u>	<u>Gross Tax Revenue⁽¹⁾</u>	<u>SB 2557 Admin. Fee</u>	<u>County Collection Charge</u>	<u>Housing Set-Aside</u>	<u>Statutory Tax Sharing Payments</u>	<u>Pass-Through Payments</u>	<u>Tax Revenues</u>
2003-04	\$410,505	\$291,634	\$3,425	(\$47)	(\$9)	(\$685)	\$0	(\$40)	\$2,645
2004-05	420,517	301,645	3,529	(48)	(9)	(706)	(15)	(45)	2,707
2005-06	431,120	312,248	3,633	(49)	(9)	(727)	(33)	(47)	2,768
2006-07	446,115	327,244	3,786	(51)	(9)	(757)	(60)	(49)	2,859
2007-08	453,821	334,949	3,856	(52)	(10)	(771)	(72)	(52)	2,899
2008-09	461,680	342,808	3,927	(53)	(10)	(785)	(85)	(54)	2,940
2009-10	469,696	350,825	4,000	(54)	(10)	(800)	(98)	(56)	2,981
2010-11	477,873	359,002	4,073	(55)	(10)	(815)	(111)	(59)	3,023
2011-12	486,214	367,342	4,147	(56)	(10)	(829)	(124)	(61)	3,065
2012-13	494,721	375,849	4,222	(57)	(11)	(844)	(138)	(66)	3,106
2013-14	503,398	384,527	4,299	(58)	(11)	(860)	(152)	(71)	3,147
2014-15	512,249	393,378	4,392	(60)	(11)	(878)	(178)	(76)	3,189
2015-16	521,277	402,406	4,489	(61)	(11)	(898)	(205)	(81)	3,233
2016-17	530,486	411,614	4,589	(62)	(11)	(918)	(232)	(86)	3,279
2017-18	539,878	421,007	4,690	(64)	(12)	(938)	(260)	(92)	3,325
2018-19	549,459	430,587	4,791	(65)	(12)	(958)	(288)	(98)	3,370
2019-20	559,231	440,359	4,701	(64)	(12)	(940)	(317)	(103)	3,265
2020-21	525,290	414,211	4,604	(63)	(12)	(921)	(291)	(109)	3,209
2021-22	534,599	423,519	4,704	(64)	(12)	(941)	(318)	(115)	3,255
2022-23	544,093	433,014	4,807	(65)	(12)	(961)	(345)	(121)	3,302
2023-24	553,777	442,698	4,912	(67)	(12)	(982)	(373)	(127)	3,350
2024-25	563,655	452,576	5,019	(68)	(13)	(1,004)	(402)	(134)	3,399
2025-26	573,731	462,651	5,128	(70)	(13)	(1,026)	(431)	(140)	3,449
Totals⁽²⁾			\$99,723	(\$1,355)	(\$249)	(\$19,945)	(\$4,526)	(\$1,883)	\$71,765

(1) The projected gross tax revenue totals do not include revenues resulting from supplemental assessments. See "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedures – Supplemental Assessments" herein.

(2) Totals may not add due to rounding.

Source: HdL Coren & Cone (See Table 2 for the Project Area in the Fiscal Consultant's Report, attached hereto as Appendix F.)

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The following table details the projected Tax Revenues and debt service coverage for the Bonds for the Fiscal Years 2003-04 through 2025-26:

Table 9
Oxnard Community Development Commission
Downtown Renewal (R-108) and Central City Revitalization Project Area
Projected Tax Revenues and Debt Service Coverage
Fiscal Years 2003-04 through 2025-26

<u>Fiscal Year</u>	<u>Tax Revenues</u> ⁽¹⁾	<u>Annual Debt Service</u>	<u>Annual Debt Service Coverage</u>
2003-04	\$ 2,645,000	\$ 804,475	3.29
2004-05	2,645,000	1,376,999	1.92
2005-06	2,645,000	1,379,899	1.92
2006-07	2,645,000	1,381,299	1.91
2007-08	2,645,000	1,380,699	1.92
2008-09	2,645,000	1,379,099	1.92
2009-10	2,645,000	1,381,159	1.92
2010-11	2,645,000	1,379,859	1.92
2011-12	2,645,000	1,381,134	1.92
2012-13	2,645,000	1,379,709	1.92
2013-14	2,645,000	1,380,849	1.92
2014-15	2,645,000	1,380,069	1.92
2015-16	2,645,000	1,376,469	1.92
2016-17	2,645,000	1,380,581	1.92
2017-18	2,645,000	1,377,361	1.92
2018-19	2,645,000	1,380,120	1.92
2019-20	2,341,000	1,219,877	1.92
2020-21	2,341,000	1,219,014	1.92
2021-22	2,341,000	1,220,552	1.92
2022-23	2,341,000	1,219,088	1.92
2023-24	2,341,000	1,219,340	1.92
2024-25	2,341,000	1,217,118	1.92
2025-26	<u>2,341,000</u>	<u>1,217,420</u>	1.92
Totals	\$58,707,000	\$30,032,180 ⁽²⁾	

(1) Coverage for Fiscal Years 2004-2019 is calculated based on Fiscal Year 2003-04 tax increment revenues collected from the Downtown Renewal (R-108) Project Area and the Central City Revitalization Project Area. The last year to collect tax increment revenue to repay debt for Downtown Renewal (R-108) Project Area is Fiscal Year 2019-20 (see "APPENDIX F – Fiscal Consultant's Report" herein). As a result, coverage for Fiscal Years 2020-2026 is calculated based on Fiscal Year 2003-04 tax increment revenues from the Central City Revitalization Project Area only.

(2) Total may not add due to rounding.

Source: E. J. De La Rosa & Co., Inc.

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LIMITATIONS ON TAX REVENUES

Property Tax Limitations – Article XIII A

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property 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 may be adjusted annually to reflect inflation at a rate not to exceed two percent (2%) per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to one percent (1%) of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in June 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property from the one percent (1%) limitation.

In the general election held November 4, 1986, voters of the State of California approved two measures: Propositions 58 and Proposition 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms “purchased” and “change of ownership,” for purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children.

Proposition 60 amended Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence. Under Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

Challenges to Article XIII A

There have been many challenges to Article XIII A of the California Constitution. In 1992, the United States Supreme Court heard the appeal in *Nordlinger v. Hahn*, a challenge relating to residential property. Based upon the facts presented in *Nordlinger*, the United States Supreme Court held that the method of property tax assessment under Article XIII A did not violate the federal Constitution. The Commission cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Commission’s receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

Legislation Affecting Apportionment of Property Taxes

The apportionment of property taxes in fiscal years after 1978-79 has been revised pursuant to Statutes of 1979, Chapter 282 which provides relief funds from State moneys beginning in fiscal year 1978-79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property tax revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, two percent (2%) annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility property assessed by the State Board of Equalization which is allocated by a different method discussed herein.

Property Tax Collection Procedures

Classifications. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of the personal property, improvements, or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes which are delinquent.

Penalties. A ten percent (10%) penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of one and one-half percent (1.5%) per month to the time of redemption and a \$15 Redemption Fee. If taxes are unpaid for a period of five years or more, the property is recorded in a "Power to Sell" status and is subject to sale by the county tax collector. A ten percent (10%) penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of one and one-half percent (1.5%) per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

Delinquencies. The valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 at 5:00 p.m. and are subject to penalty; unsecured taxes added to roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Supplemental Assessments. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. The statute may provide increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. Supplemental assessments have not been included in any of the projections of Tax Revenues included in

the Fiscal Consultant's Report or this Official Statement. To the extent such supplemental assessments occur within the Project Area, Tax Revenues may increase.

Tax Collection Fees. SB 2557 (Chapter 466, Statutes of 1990) authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities that are subject to a property tax administration charge. The amount of these administrative costs for the Project Area for the last five Fiscal Years is set forth above. See "THE PROJECT AREA – Assessed Values and Tax Increment Revenues" herein. These costs are deducted prior to a determination of Tax Revenues, which are pledged to pay debt service on the Bonds.

Allocation of Tax Increment to Commission. It is the practice of the Auditor-Controller to allocate to redevelopment agencies, including the Commission, 100% of the tax increment revenue projected by the equalized tax roll, without regard to collections, cancellations, or refunds. Consequently, the tax increment revenue received by the Commission each Fiscal Year is not subject to revenue loss due to delinquencies or gains due to redemptions. The Auditor-Controller currently allocates such tax increment revenue to redevelopment agencies, including the Commission, as follows: In December of each year, the Auditor-Controller allocates approximately 50% of projected tax increment revenue to the redevelopment agencies; in April of each year, the Auditor-Controller allocates the remaining 50% of projected tax increment revenue to the redevelopment agencies; in November, May, and July of each year, the Auditor-Controller allocates supplemental tax increment revenue (derived from a reassessment of property due to a change of ownership or completion of new construction) to the redevelopment agencies based on collections. These administrative practices of the Auditor-Controller are subject to change without notice and no assurance can be made that such administrative practice will continue.

The Commission has submitted documents to the Auditor-Controller disputing, among other things, the calculation methodology used by the Auditor-Controller's to determine the pass-through amounts relating to the CCRP Annex under Section 33676(a)(2) of the California Health and Safety Code. There can be no assurance that the Auditor-Controller will change such calculation methodology or discontinue or modify its collection of Section 33676(a)(2) amounts relating to the CCRP Annex. It is the Fiscal Consultant's opinion that the Commission's interpretation of Section 33676(a)(2) is correct. However, the projections set forth in the Fiscal Consultant's Report and reflected in this Official Statement uses the Auditor-Controller's methodology in the interest of accurately reflecting the amount of Tax Revenue that will be allocated by the Auditor-Controller and available for payment of debt service with respect to the Bonds.

Appropriations Limitations - Article XIII B

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population, and services rendered by the government entity.

Effective November 30, 1980, the California Legislature added Section 33678 to the Law which provided that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B, nor will such portion of taxes be deemed receipt of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Law.

State Board of Equalization and Property Assessment Practices

On December 10, 1998, the State Board of Equalization (“SBE”) approved revisions to its guidelines regarding the valuation of intangible business and commercial property for property tax purposes. The SBE approved these revisions over the strong objections of the California Assessors Association (“CAA”), an organization representing all 58 County Assessors in California.

The Commission is not able to predict whether the revised SBE guidelines will cause any reductions in tax increment revenues and, hence, in Tax Revenues. However, the Commission does not believe that the SBE’s adoption of the revised guidelines will affect its ability to pay debt service on the Bonds.

Proposition 87

Under prior State law, if a taxing agency increased its tax rate to obtain revenues to repay voter approved general obligation bonds, any redevelopment project area that included property affected by the tax rate increase would realize a proportionate increase in tax increment.

Proposition 87, approved by voters of the State on November 8, 1993, requires that all revenues produced by a tax rate increase (approved by the voters on or after January 1, 1989) go directly to the taxing entity that increases the tax rate to repay the general obligation bonded indebtedness. As a result, redevelopment agencies no longer receive an increase in tax increment when taxes on property in the project area are increased to repay voter-approved general obligation debt.

Proposition 218

On November 5, 1996, California voters approved Proposition 218, the self-titled “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments, and property-related fees and charges that were limited by Proposition 218.

AB 1290

In 1993, the California Legislature enacted Assembly Bill 1290, chaptered in the California Statutes of 1993 as Chapter 942 (“AB 1290”), which contained several significant changes in the Law. Among the changes made by AB 1290 was a provision that limits the period of time for incurring and repaying loans, advances, and indebtedness payable from tax increment revenues. In general, a redevelopment plan adopted prior to January 1, 1994, may terminate not more than 40 years following the date of original adoption, and loans, advances, and indebtedness may be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan.

The Commission has represented that the Redevelopment Plan is in compliance with AB 1290. See “LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations” below.

Future Initiatives

Article XIII A, Article XIII B, and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California’s initiative process. From

time to time other initiative measures could be adopted, further affecting Commission revenues or the Commission's ability to expend revenues.

Low and Moderate Income Housing

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the law requiring redevelopment agencies to set aside twenty percent (20%) of all tax increment revenues allocated to redevelopment agencies from redevelopment project areas adopted after December 31, 1976, in a low- and moderate-income housing fund to be expended for authorized low- and moderate-income housing purposes. Amounts on deposit in the low- and moderate-income housing fund may also be applied to pay debt service on bonds, loans, or advances of redevelopment agencies to provide financing for such low- and moderate-income housing purposes.

The Project Area is subject to the twenty percent (20%) set-aside requirement for low- and moderate-income housing. See "SECURITY FOR THE BONDS – Pledge of Tax Revenues" and "THE PROJECT AREA – Assessed Values and Tax Increment Revenues" herein.

Statement of Indebtedness

Under the Law, the Commission must file with the Auditor-Controller a statement of indebtedness for the Project Area by October 1 of each year. As described below, the statement of indebtedness controls the amount of tax increment revenue that will be paid to the Commission in each Fiscal Year.

Each statement of indebtedness is filed on a form prescribed by the State Controller and specifies, among other things: (i) the total amount of principal and interest payable on all loans, advances, or indebtedness (including the Bonds and all parity debt) (the "Debt"), both over the life of the Debt and for the current Fiscal Year, and (ii) the amount of "Available Revenue" as of the end of the previous Fiscal Year.

"Available Revenue" is calculated by subtracting the total payments on Debt during the previous Fiscal Year from the total revenues (both tax increment revenues and other revenues) received during the previous Fiscal Year, plus any carry-forward from the prior Fiscal Year. Available Revenue includes amounts held by the Commission and irrevocably pledged to the payment of Debt other than amounts set aside for low- and moderate-income housing.

The Auditor-Controller may only pay tax increment revenue to the Commission in any Fiscal Year to the extent that the total remaining principal and interest on all Debt exceeds the amount of Available Revenue as shown on the statement of indebtedness.

The statement of indebtedness constitutes prima facie evidence of the indebtedness of the Commission; however, the Auditor-Controller may dispute the statement of indebtedness in certain cases. Section 33675 of the Law provides for certain time limits controlling any dispute of the statement of indebtedness, and allows for Superior Court determination of such dispute if it cannot be resolved by the Commission and the County. Any such action may only challenge the amount of the Debt as shown on the statement, and not the validity of any Debt or its related contracts or expenditures. No challenge can be made to payments to a trustee in connection with a bond issue or payments to a public agency in connection with payments by that public agency with respect to a lease or bond issue.

Redevelopment Plan Limitations

Sections 33333.2 (as such section existed prior to January 1, 1994) and 33333.4 of the Law requires that for redevelopment plans adopted prior to January 1, 1994, each redevelopment agency to either include in each redevelopment plan or adopt by ordinance a limitation on the amount of taxes that may be divided and allocated to the redevelopment agency with respect to the related redevelopment project area. Under Section 33333.2 (as such section existed prior to January 1, 1994), taxes may not be allocated to a redevelopment agency beyond this limitation except by amendment of the redevelopment plan.

The redevelopment plans, as originally adopted for the Constituent Project Areas, contained certain limitations that complied with the then-current law. AB 1290 required redevelopment plans adopted prior to 1994 to be amended to incorporate a number of limits not previously required, including a requirement that indebtedness not exceed 20 years from the adoption of the redevelopment plan or January 1, 2004, whichever is later. AB 1290 also limited the receipt of tax increment to 10 years after the termination of redevelopment activities, except for specific low- and moderate-income housing obligations and any bond, indebtedness, or other obligation authorized prior to January 1, 1994. Pursuant to AB 1290, the City Council adopted ordinances that amended the redevelopment plans for the Downtown Renewal (R-108) Project Area and the Central City Revitalization Project Area. No amendment to the redevelopment plan for the Central City Revitalization Project Area related to the CCRP Annex was necessary because the CCRP Annex was not then entitled to utilize tax increment financing. On July 18, 2000, the City Council adopted Ordinance No. 2524, which activated the Commission's ability to receive tax increment revenue from the CCRP Annex, Ordinance No. 2525, which merged the Constituent Project Areas into the Project Area, and Ordinance No. 2526, which amended certain limits within the Redevelopment Plan.

The California State Legislature subsequently enacted Senate Bill 1045 ("SB 1045"), making various amendments to the Law, which was chaptered in the California Statutes as Chapter 260 and became effective on September 2, 2003. Health and Safety Code Section 33333.6(e)(2)(C), as amended by SB 1045, provides that because the Commission is required to make a payment pursuant to Health and Safety Code Section 33681.9 (*i.e.*, an Education Revenue Augmentation Fund payment for the 2003-04 Fiscal Year), the City Council may summarily amend the Redevelopment Plan by ordinance to extend the above-described time limits by one year. Pursuant to Health and Safety Code Section 33333.6(e)(2)(C), as amended by SB 1045, such an amendment to the Redevelopment Plan is accomplished by the City Council's summary adoption of an ordinance, without the necessity of compliance with any other provisions in the Law relating to amendments, including, but not limited to, the requirement to make payments to affected taxing entities required by Health and Safety Code Section 33607.7. The City Council adopted such an ordinance on February 3, 2004, as Ordinance No. 2648. Ordinance No. 2648 extends by one year the time limits on the effectiveness of the Redevelopment Plan and the time limits for the payment of indebtedness and receipt of property taxes for the Project Area, as follows:

The current redevelopment plan limits for the Project Area, as modified, are summarized in the following table:

Table 10
Oxnard Community Development Commission
Downtown Renewal (R-108) and Central City Revitalization Project Area
Redevelopment Plan Limitations

<u>Constituent Project Area</u>	<u>Effectiveness of Plan (Plan Expiration)</u>	<u>Final Date to Incur New Debt</u>	<u>Last Date to Repay Debt</u>	<u>Cumulative Tax Increment Limit</u>	<u>Maximum Bonded Indebtedness</u>
Downtown Renewal (R-108) Project Area	January 1, 2010	January 1, 2009	January 1, 2020		
Central City Revitalization Project Area	July 5, 2017	January 1, 2014	July 5, 2027		
CCRP Annex	May 6, 2026	May 6, 2015	May 6, 2036		
Combined Project Area				\$329,000,000	\$135,944,000

Source: Redevelopment Plan.

Senate Bill 211 (“SB 211”), which was adopted in 2001 by the California Legislature (chaptered in the California Statutes of 2001 as Chapter 741) and took effect as of January 1, 2002, allows redevelopment agencies, by ordinance, to eliminate the time limit on establishing indebtedness (meaning the redevelopment agency could incur debt up to the end of the effectiveness of its redevelopment plan), but would in turn trigger statutory pass-throughs to all taxing entities with whom the redevelopment agency does not have a pass-through agreement at the time the ordinance is adopted. If the Commission and the City choose to eliminate the Commission’s existing tax increment indebtedness limit as permitted by SB 211, the statutory pass-throughs would apply starting in the year after what is now the final year to incur indebtedness.

Assessment Appeals

An assessee of locally assessed or state-assessed property may contest the taxable value enrolled by the county assessor or by the SBE, respectively. The assessee of SBE-assessed property or locally-assessed personal property, the valuation of which are subject to annual reappraisal, actually contests the determination of the full cash value of property when filing an assessment appeal. Because of the limitations to the determination of the full cash value of locally assessed real property by Article XIII A, an assessee of locally assessed real property generally contests the original determination of the base assessment value of the parcel, i.e. the value assigned after a change of ownership or completion of new construction. In addition, the assessee of locally assessed real property may contest the current assessment value (the base assessment value plus the compounded annual inflation factor) when specified conditions have caused the full cash value to drop below the current assessment value.

At the time of reassessment, after a change of ownership or completion of new construction, the assessee may appeal the base assessment value of the property. Under an appeal of a base assessment value, the assessee appeals the actual underlying market value of the sale transaction or the recently completed improvement. A base assessment appeal has significant future revenue impact because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the two percent (2%) inflation factor allowable under Article XIII A, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Under Section 51(b) of the Revenue and Taxation Code, the assessor may place a value on the tax roll lower than the compounded base assessment value if the full cash value of real property has been reduced by damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a decline in the value. Reductions in value under Section 51(b), commonly referred to as Proposition 8

appeals, can be achieved either by formal appeal or administratively by assessor staff appraising the property. A reduced full cash value placed on the tax roll does not change the base assessment value. The future impact of a parcel subject to a Proposition 8 appeal is dependent upon a change in the conditions which caused the drop in value. In fiscal years following a successful Proposition 8 appeal, the assessor may determine that the value of the property has increased as a result of corrective actions or improved market conditions and enroll a value on the tax roll up to the parcel's compounded base assessment value. Additionally, successful appeals regarding property on the unsecured rolls does not necessarily affect the valuation of such property in any succeeding fiscal year.

Utility companies and railroads may contest the taxable value of utility property to the SBE. Generally, the impact of utility appeals is on the State-wide value of a utility determined by SBE. As a result, the successful appeal of a utility may not impact the taxable value of the Project Area but could impact a project area's allocation of unitary property taxes.

The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the Ventura County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. Because the Ventura County Controller adjusts revenues to the Commission to reflect roll corrections from successful appeals, the Commission may bear the burden of appeals. The actual valuation impact to the Project Area from successful assessment appeals will occur on the assessment roll prepared after the actual valuation reduction.

See "THE PROJECT AREA – Historical Appeals" for information on pending and settled assessment appeals.

Pass-Through Agreements

Prior to the passage of AB 1290, the Law permitted a redevelopment agency to enter into an agreement to pay tax increment revenues to any taxing agency that had territory located within a redevelopment project area in an amount which in the agency's determination was appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements normally provide for a pass-through of tax increment revenue directly to the affected taxing agency, and, therefore, are commonly referred to as "pass-through" agreements.

AB 1290, which became effective January 1, 1994, forbids redevelopment agencies from entering into pass-through agreements. AB 1290 does not, however, affect pass-through agreements that existed prior to its effective date. In place of pass-through agreements, AB 1290 provides a statutory formula for the allocation of tax increment revenues, which formula will apply to all future project areas and to territory that is added to existing project areas. See "LIMITATIONS ON TAX REVENUES – Statutory Pass-Throughs" herein.

The Commission has entered into no tax sharing agreements with any taxing agencies within the Project Area. However, statutory tax sharing payments required under AB 1290 will apply in the Fiscal Years following the original limit on occurrence of new debt for each Constituent Project Area, including the CCRP Annex. See "LIMITATIONS ON TAX REVENUES – Statutory Pass-Throughs" herein.

Statutory Pass-Throughs

Section 33607.5. Pass-through payments to taxing agencies are made in accordance with the following formulas pursuant to California Health and Safety Code Section 33607.5, which was enacted pursuant to AB 1290:

(a) 20% of gross tax increment revenue (or 25% of revenue after deduction for the low- and moderate-income housing set aside) is to be allocated to the taxing agencies for the first Fiscal Year through the last Fiscal Year for which the project area receives tax increment,

(b) an additional 16.8% of the gross tax increment (or 21% after deduction for the low- and moderate-income housing set-aside) is to be allocated to the taxing agencies from the 11th through the last Fiscal Year, based on the increase in assessed value over the 10th Fiscal Year,

(c) an additional 11.2% of the gross tax increment (14% after deduction for the low- and moderate-income housing set-aside) is to be allocated to the taxing agencies from the 31st through the last Fiscal Year, based on the increase in assessed value over the 30th Fiscal Year.

The payments to the affected taxing agencies are allocated between each agency in proportion to the share of property taxes each agency receives in the year funds are allocated.

The Commission's obligation to make the pass-through payments described above will apply in the Fiscal Years following the original limit on occurrence of new debt for the Project Area, as follows: such pass-through payments begin in Fiscal Year 2004-05 for the Downtown Renewal (R-108) Project Area and the Central City Revitalization Project Area, and in Fiscal Year 2005-06 for the CCRP Annex. Such pass-through payments have been taken into account by the Fiscal Consultant for purposes of projecting the amount of Tax Revenues in this Official Statement.

Section 33676(a)(2) and CCRP Annex. Pursuant to California Health and Safety Code Section 33676(a)(2) ("Section 33676(a)(2)"), if a redevelopment agency amends a redevelopment plan that does not utilize tax increment financing to add tax increment financing and uses the assessment roll last equalized prior to the effective date of the ordinance originally adopting the redevelopment plan, an affected taxing agency may elect to be allocated all or any portion of the tax revenues allocated to such redevelopment agency that the affected taxing agency would receive if the redevelopment agency were to use the assessment roll last equalized prior to the effective date of the ordinance amending the redevelopment plan to add tax increment financing. On July 18, 2000, the City Council adopted Ordinance No. 2524, which amended the redevelopment plan for CCRP Annex, adding tax increment and eminent domain authority to CCRP Annex and established the required limits. All applicable taxing entities except the Metropolitan Water District adopted resolutions pursuant to Section 33676(a)(2) to receive pass-through payments of tax increment revenue. The Auditor-Controller began withholding the required pass-through payment amounts related to the CCRP Annex in Fiscal Year 2002-03, the first year for which the CCRP Annex was eligible to receive tax increment revenue. See "THE PROJECT AREA – Constituent Project Areas – CCRP Annex" herein.

The Commission has submitted documents to the Auditor-Controller disputing, among other things, the calculation methodology used by the Auditor-Controller's to determine the pass-through amounts under Section 33676(a)(2). There can be no assurance that the Auditor-Controller will change such calculation methodology or discontinue or modify its collection of Section 33676(a)(2) amounts relating to the CCRP Annex. The projections in the Fiscal Consultant's Report assume use of the Auditor-Controller's current calculation methodology. See "Allocation of Tax Increment to Commission" above.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of these risks.

Reduction of Tax Revenues

The Tax Revenues constitute the primary security for the Bonds. Tax Revenues are determined by the amount of incremental assessed value of taxable property the Project Area, the current rate or rates at which property in the Project Area is taxed, and the percentage of taxes collected in the Project Area.

Several types of events beyond the control of the Commission could occur and cause a reduction in available Tax Revenues that secure the Bonds, including, among others, the following: (i) a reduction of taxable values of property in the Project Area caused by local or regional economic factors; (ii) a relocation out of the Project Area by one or more major property owners; (iii) successful appeals by property owners for a reduction in a property's assessed value; (iv) a reduction of the general inflationary rate; or (v) the destruction of property caused by natural or other disasters. This risk increases in proportion to the percent of total assessed value attributable to any single property owner in the Project Area. For information regarding the largest property owners of the Project Area, see "THE PROJECT AREA – Major Taxpayers" herein.

Reduction in Inflationary Rate

Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent (2%) increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis.

Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or two percent (2%), there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than two percent (2%). Since Article XIII A was approved, the annual adjustment for inflation has fallen below the two percent (2%) limitation four times: in Fiscal Year 1982-83, the adjustment rate was 1%; in Fiscal Year 1993-94, the adjustment rate was 1.19%; in Fiscal Year 1994-95, the adjustment rate was 1.11%; and in Fiscal Year 1997-98, the adjustment rate was 1.85%.

The Commission is unable to predict if any adjustments to the full cash value base of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

Future Initiatives, Litigation, or Changes In Law

In addition to the existing limitations on Tax Revenues described herein under "LIMITATIONS ON TAX REVENUES," the California electorate could adopt future initiative measures, or the California legislature could pass future legislation, with the effect of reducing Tax Revenues payable to the Commission, or the Commission's ability to expend tax increment revenue. Similarly, future federal or California litigation could result in case law precedent affecting Tax Revenues payable to the Commission, or the Commission's ability to expend tax increment revenue.

Levy and Collection of Taxes

The Commission has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues and, accordingly, could have an adverse impact on the ability of the Commission to pay principal of and interest on the Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Commission's ability to make timely payments of debt service on the Bonds. Any reduction in Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Commission's ability to pay the principal of and interest on the Bonds.

Estimates of Tax Revenues

To estimate the total revenues available to pay debt service on the Bonds, the Commission has made certain assumptions with regard to the assessed valuation in the Project Area, future tax rates, percentage of taxes collected, and the amount of funds available for investment and the interest rate at which those funds will be invested. The Commission believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates, the percentage of taxes collected, the amount of the funds available for investment, or the interest rate at which they are invested, are less than the Commission's assumptions, the total revenues available to pay debt service on the Bonds may be less than those projected in this Official Statement. See "THE PROJECT AREA – Assessed Values and Tax Increment Revenues" and " – Projected Tax Revenues and Debt Service Coverage."

As noted above, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent (2%) increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such adjustments are computed on a calendar year basis. In projecting future Tax Revenues, the Commission has not assumed the two percent (2%) inflationary increases. See "THE PROJECT AREA – Projected Tax Revenues and Debt Service Coverage" herein. However, future deflation could cause decreases in property values, a reduction in tax revenues received by the Commission, and a reduction in Tax Revenues. See "SECURITY FOR THE BONDS," "LIMITATIONS ON TAX REVENUES," and "RISK FACTORS" herein.

Concentration of Ownership

The assessed value of the property owned by the ten largest property owners in the Project Area currently represents approximately 25.4% of the total assessed value in the Project Area. See "THE PROJECT AREA – Major Taxpayers" herein.

Events causing a reduction in assessed value of or physical damage to property in the Project Area owned by one or more of the ten largest property owners, or any future owner of significant property in the Project Area, such as physical damage by fire, earthquake, or other causes, may significantly delay or ultimately reduce the payment of property taxes in the Project Area. Further, bankruptcy or financial difficulties arising with respect to a current or future major property owner may also significantly delay or ultimately reduce payment of property taxes in the Major Project Area.

Additional Obligations

The Commission may issue bonds or incur other obligations payable from Tax Revenues on a parity with the Bonds, provided that the conditions set forth in the Indenture are met. See "SECURITY FOR THE BONDS – Issuance of Parity Debt" herein. The Commission may also issue bonds or incur obligations payable from Tax Revenues which are subordinate to the Bonds. "SECURITY FOR THE BONDS – Issuance of Subordinate Debt" herein. See also "APPENDIX A – Summary of Certain Provisions of the Indenture" herein.

Earthquake Risk

There are no known major faults within the City; however, there are several active faults located within a radius of approximately 50 miles from the City, including the San Andreas Fault and the San Gabriel Fault. Activity along these faults could potentially result in damage to the buildings, roads, bridges, and property within the City in the event of a major earthquake, which could in turn adversely affect assessed valuation and therefore the ability of the Commission to pay debt service with respect to the Bonds.

Hazardous Substances

The discovery of hazardous substances on the property in the Project Area could limit the beneficial use of taxable property within the Project Area. An owner or operator of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. Moreover, such owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. Should any of the property within the Project Area be affected by a hazardous substance, the effect could be to reduce the marketability and value of the property by the costs of remedying the condition or other amounts. Such costs could result in the reduction in the assessed value of the affected property, which could adversely affect the ability of the Commission to pay debt service with respect to the Bonds.

Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Commission may become subject to the following: (i) 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; (ii) usual equitable principles which may limit the specific enforcement under state law of certain remedies; (iii) the exercise by the United States of America of the powers delegated to it by the federal Constitution; and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise 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 their rights.

State Budget Deficit and ERAF Shift

Fiscal Year 2002-03 and Prior Years. In connection with its approval of the budget for the 1992-93, 1993-94 and 1994-95 fiscal years, the State Legislature enacted legislation which, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each

agency's tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in each county's Education Revenue Augmentation Fund ("ERAF"). The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas. However, faced with a projected \$23.6 billion budget gap for Fiscal Year 2002-03, the State Legislature adopted as urgency legislation AB 1768, which requires redevelopment agencies to pay into ERAF in Fiscal Year 2002-03 an aggregate amount of \$75 million. AB 1768 became effective on September 30, 2002 and requires the payment into ERAF in Fiscal Year 2002-03 only.

AB 1768 provides that one-half of the Commission's ERAF obligation is calculated based on the gross tax increment received by the Commission and the other one-half of the Commission's ERAF obligation is calculated based on net tax increment revenues (after any pass-through payments to other taxing entities), as such tax increment revenues are shown in Table 6 of the Fiscal Year 2000-01 Annual Report of the California State Controller. Based on the tax increment revenues shown in Table 6 of the State Controller's Annual Report as being retained by the Commission, the Commission was required to pay approximately \$214,553 into ERAF in Fiscal Year 2002-03 from Project Area tax increment revenues. See "THE PROJECT AREA – Assessed Values and Tax Increment Revenues" herein.

Fiscal Year 2003-04 and Future Years. On August 2, 2003, Governor Davis signed the 2003-04 State Budget into law. The State Budget did not contain any final provisions regarding ERAF. However, on August 19, 2003, the State Senate approved SB 1045 setting the total state-wide ERAF payment for redevelopment agencies for fiscal year 2003-04 at \$135 million, the amount that had previously been approved by the State Assembly. The Governor signed this legislation on September 1, 2003 and it became effective September 2, 2003. Based on this state-wide ERAF shift of \$135 million, the Commission's ERAF payment was approximately \$338,119 in fiscal year 2003-04. The legislation is silent with respect to ERAF shifts in future years, and the Commission is not able to predict whether the State Senate and the State Assembly will enact other legislation requiring ERAF payments in future years.

Among other things, SB 1045 provides a simplified methodology for extending the length of time within which the Commission may repay indebtedness with tax increment revenues. On February 3, 2004, the Commission adopted Ordinance No. 2648, which, in accordance with SB 1045, enacted a one year extension for the repayment of indebtedness with tax increment derived from the Project Area. The applicable Plan Limitations, as modified by Ordinance No. 2648, are summarized under the heading "LIMITATION ON TAX REVENUES – Redevelopment Plan Limitations" herein.

A State General Fund budget deficit is expected to arise in one or more future years and the potential impact of future legislation could be material to the Commission and its ability to conduct its redevelopment activities. The Commission cannot predict whether the State Legislature will, in future years, enact legislation requiring shifts of tax increment revenues to the State or to schools, whether through an arrangement similar to ERAF or by any other arrangement, in future years, or whether any future shifts in revenue would be limited or affected (such as by an offset of amounts required to be shifted) by pre-existing agreements between redevelopment agencies and school districts, community college districts and county superintendents of schools. Accordingly, the Commission is not able to predict the effect, if any, such a shift, if enacted, would have on future Tax Revenues.

The Governor's proposed budget for fiscal year 2004-05 shifts \$135 million in redevelopment agency tax increment funding to schools. This proposed ERAF shift would be permanent and grow each year by the percentage that property taxes grow. While the Commission is not able to predict whether the proposed budget will be adopted or whether the State Legislature will enact other legislation requiring ERAF payments in future years, the Commission expects the magnitude of the State budget deficit will

result in some diversion of funds from redevelopment agencies during fiscal year 2004-05 and possibly in later years.

Litigation Regarding Two Percent Limitation

In a Minute Order issued on November 2, 2001, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, the Orange County Superior Court held that the Orange County Assessor violated the two percent (2%) inflation adjustment provision of Article XIII A when, in a case in which a home's taxable value did not increase for two years due to a flat real estate market, the Assessor tried to "recapture" the tax value of the property by increasing its assessed value by four percent (4%) in a single year. The assessors in all California counties, including Ventura County, use a similar methodology in raising the taxable values of property beyond two percent (2%) in a single year. The California State Board of Equalization has approved this methodology for increasing assessed values. On December 12, 2002, the Orange County Superior Court ruled to restate the complaint as a class action, which could have the effect of extending its ruling to other similar cases. During 2002, two similar cases relating to properties in San Diego and Los Angeles Counties were heard and decided differently on the issue of the ability of a county assessor to recapture value at greater than two percent (2%) per year.

The Orange County Superior Court ruling was appealed by the Orange County Assessor and oral arguments before Division 3 of the California Court of Appeals, Fourth District, in Santa Ana, California, were heard on January 7, 2004. On March 26, 2004, the Court of Appeals overturned the Orange County Superior Court ruling and determined that the methodology used by the Orange County Assessor was constitutional. The plaintiff has indicated a desire to appeal the ruling to the State Supreme Court. However, no appeal has been filed at this time.

The Commission is unable to predict the effect on Tax Revenues if the ruling described above is ultimately determined to have applicability to property within the Project Area.

THE AUTHORITY

The Authority is a joint exercise of powers entity duly organized and existing pursuant to a Joint Exercise of Powers Agreement (the "Agreement"), dated as of October 8, 1991, as amended on April 21, 1992, by and among the Commission, the Housing Authority of the City, and the City. The Agreement was entered into pursuant to the JPA Law.

The Authority is governed by a five-member governing board. The Authority is a separate entity constituting a public instrumentality of the State and was formed for public purposes of assisting the Commission, the Housing Authority of the City, and the City in financing certain public capital improvements. Under the JPA Law, the Authority has the power to purchase bonds issued by a local agency at public or negotiated sale and may sell such bonds to public or private purchasers at a public or negotiated sale. **The Bonds are not obligations of the Authority.**

TAX MATTERS

Bond Counsel Opinion

In the opinion of Pillsbury Winthrop LLP, Los Angeles, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes 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 federal individual or corporate alternative minimum taxes. However, Bond Counsel observes that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. A copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto and will accompany the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restriction, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest received by persons such as the registered owners of the Bonds. The Commission has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in gross income for federal income tax purposes. Failure to comply with those covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes 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 affect the tax status of interest on the Bonds.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of bond counsel other than Bond Counsel.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the 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, which could directly or indirectly reduce the benefit of the excludability of the interest on the Bonds from gross income for federal income tax purposes.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal and California State personal income tax purposes, a Bondholder's federal and State tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend upon the Bondholder's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, or in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds; (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by fifteen percent (15%) of the sum of certain items, including interest on the Bonds; (iii); with respect to life insurance companies, life insurance company taxable income subject to the tax imposed by Section 801 of the Code is determined by permitting deductions for certain dividends received but not to the extent such dividend is from a non-insurance corporation and is out of tax-exempt interest, including interest on the Bonds; (iv) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (v) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than twenty-five percent (25%) of the gross receipts of such Subchapter S corporation is passive investment income; (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds; and (vii) under Section 32(i) of

the Code, receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit. 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.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service is likely to treat the Commission 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. Neither the Underwriter nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. Neither the Commission 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/Premium

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount 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). The accruing original issue discount 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. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

UNDERWRITING AND PLACEMENT

The Bonds will be sold by the Commission to the Authority and concurrently resold by the Authority to the Underwriter and the Placed Bonds Purchaser under the Contract of Purchase. Pursuant to the Contract of Purchase, the Authority has agreed (i) to sell the Underwritten Bonds to the Underwriter and (ii) to sell the Placed Bonds to Placed Bonds Purchaser. The aggregate purchase price for all of the Underwritten Bonds is \$10,076,765.70 (representing the par amount of the Underwritten Bonds, less an Underwriter's discount of \$122,100.00, plus a net aggregate original issue premium of \$23,865.70). The aggregate purchase price for all of the Placed Bonds is \$9,010,000.00 (representing the par amount of the Placed Bonds). The Underwriter shall receive a placement agent fee of \$108,120.00, payable from the proceeds of the Bonds, in connection with the Placed Bonds Purchaser's purchase of the Placed Bonds. See "THE FINANCING PLAN – Underwritten Bonds and Placed Bonds" herein.

The initial public offering prices to be stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers, dealer banks, banks acting as agents, and others at prices lower than said public offering prices.

CONTINUING DISCLOSURE

The Commission will covenant in the Continuing Disclosure Agreement to provide certain financial information and operating data relating to the Commission and notices of certain events, if material. Such information and notices will be filed by the Commission with certain Nationally Recognized Municipal Securities Repositories. The specific nature of the information to be provided is set forth in the Continuing Disclosure Agreement, a form of which is attached hereto as Appendix E. This covenant has been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), as amended. The Commission has never failed to provide any previous continuing disclosure or notices of material events. See "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

RATINGS

Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") has assigned its municipal bond rating of "AAA" to the Bonds based upon the issuance of the Bond Insurance Policy by the Bond Insurer. In addition, S&P has assigned an underlying municipal bond rating of "A-" to the Bonds. There is no assurance that any such rating will be in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the applicable rating agency if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds. Such ratings reflect only the views of the rating agency and an explanation of the significance of any rating may be obtained only from the rating agency furnishing the same.

LITIGATION

The Commission will certify, and the City Attorney, acting as Commission General Counsel, will render an opinion on behalf of the Commission upon the issuance of the Bonds to the effect that, there is no action, suit, or proceeding known to the Commission to be pending or threatened (other than as described below), restraining or enjoining the execution or delivery of the Bonds, the Indenture, or the Escrow Agreement, or in any way contesting or affecting the validity of the foregoing or any proceeding

of the Commission taken with respect to any of the foregoing or that will materially adversely affect the Commission's ability to pay principal and interest with respect to the Bonds.

A lawsuit has been filed in the Ventura County Superior Court, identified as *Martin Jones v. City Council of the City of Oxnard and the Community Development Commission for the City of Oxnard* (Ventura County Superior Court CIV 217200). The claims asserted in the lawsuit include violations of the Brown Act. Plaintiff in that case seeks a writ of mandate to set aside the DDA, which the Commission adopted at a regularly scheduled meeting following a public hearing noticed in the manner required by law. The Plaintiff seeks no monetary damage, but does request that the court award him attorneys' fees and related expenses for prosecuting the action. The City Council and the Commission have filed their answer to the lawsuit denying all material allegations and raising affirmative defenses. The case is ready for trial and awaiting a trial date. The City and the Commission previously filed a motion for summary adjudication of the mandate cause of action asserted with respect to the DDA, which motion was denied on February 23, 2004. See "THE PROJECT AREA – Current Development" herein.

In order to provide appropriate assurances to lenders to finance theater construction while the litigation is pending, the Commission, the theater operator, the theater landlord, and the theater landlord's lender intend to enter into a "Loan Assurance Agreement" for the purpose of providing for the redevelopment of the DDA site and inducing the necessary construction financing for such redevelopment to occur. Among other things, the Loan Assurance Agreement is expected to provide that, so long as the theater landlord and the theater operator perform all obligations set forth in the DDA whether or not it is set aside, the Commission agrees that it will make any lease guarantee payments as and when they would have been made under the theater lease guarantee, all as more particularly set forth in the Loan Assurance Agreement.

The Commission has submitted documents to the Auditor-Controller disputing, among other things, the calculation methodology used by the Auditor-Controller's to determine the pass-through amounts relating to the CCRP Annex under Section 33676(a)(2) of the California Health and Safety Code. There can be no assurance that the Auditor-Controller will change such calculation methodology or discontinue or modify its collection of Section 33676(a)(2) amounts relating to the CCRP Annex. See "LIMITATIONS ON TAX REVENUES – Property Tax Collection Procedures – Allocation of Tax Increment to Commission" herein.

CERTAIN LEGAL MATTERS

Pillsbury Winthrop LLP, Los Angeles, California, Bond Counsel, will render an opinion with respect to the Bonds in substantially the form set forth in Appendix D hereto. Copies of such opinion will be furnished to the Underwriter at the time of delivery of the Bonds. Certain legal matters will be passed upon for the Commission by the City Attorney, acting as General Counsel to the Commission, and by Disclosure Counsel, Pillsbury Winthrop LLP, Los Angeles, California.

VERIFICATION

Causey, Demgen & Moore Inc., a firm of independent certified public accountants, will verify the accuracy of (i) the mathematical computations of the adequacy of the maturing principal of and interest earned on the obligations of the United States of America held under the Escrow Agreement by the Escrow Agent, together with other available funds held by the Escrow Agent, to provide for the refunding and defeasance of the 1994 Bonds, and (ii) certain mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under the Code.

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 Commission officials, acting in their official capacity, 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 Commission officials will execute a certificate to this effect upon delivery of the Bonds.

This Official Statement and its distribution have been duly authorized and approved by the Commission.

OXNARD COMMUNITY DEVELOPMENT COMMISSION

By /s/ Stan Kleinman
Stan Kleinman
Finance and Management Services Director

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. This summary does not purport to be complete, and reference is made to the complete document for the complete terms thereof. Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary.

Definitions

“Additional Revenues” means, as of the date of calculation, the amount of Tax Revenues which, as shown on the Report of an Independent Redevelopment Consultant, are estimated to be receivable by the Commission within the Fiscal Year following the Fiscal Year in which such calculation is made, as a result of increases in the assessed valuation of taxable property in the Project Area due to any transfer of ownership which is not yet reflected on the tax rolls. For purposes of this definition, the term “increases in the assessed valuation” means the amount by which the assessed valuation of taxable property in the Project Area is estimated to increase above the assessed valuation of taxable property in the Project Area (as evidenced by the written records of the County) as of the date on which such calculation is made.

“Annual Debt Service” means, for any Bond Year, the sum of (1) the interest payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding serial Bonds are retired as scheduled and that all Outstanding term Bonds, if any, are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Bonds), and (2) the principal amount of all Outstanding Bonds maturing by their terms in such Bond Year.

“Authorized Denominations” means \$5,000 and any integral multiple thereof.

“Average Annual Debt Service” means the amount determined by dividing the sum of all Annual Debt Service amounts due in each of the Bond Years following the date of such calculation by the number of such Bond Years.

“Beneficial Owners” means those individuals, partnerships, corporations, or other entities for which the Participants have caused the Depository to hold Book-Entry Bonds.

“Bond Register” means the registration books required to be maintained by the Trustee pursuant to the Indenture.

“Bond Year” means the period of twelve consecutive months commencing on September 2 and ending on September 1 in any year during which Bonds are or will be Outstanding; provided, however, that the first Bond Year shall commence on the Closing Date and end on September 1, 2004, and that the final Bond Year shall end on the date on which the Bonds are fully paid or redeemed.

“Business Day” means a day of the year which is not a Saturday or Sunday, or a day on which banking institutions located in the State are required or authorized to remain closed, or on which the Federal Reserve system is closed. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture, and, unless otherwise

specifically provided in the Indenture, no interest shall accrue for the period from and after such nominal date.

“Certificate of the Commission” means an instrument in writing signed by the Chairman, the Vice Chairman, the Executive Director and Secretary, the Finance and Management Services Director, or the Treasurer of the Commission, or by any other officer of the Commission duly authorized for that purpose.

“Closing Date” means May 4, 2004.

“Code” means the Internal Revenue Code of 1986, as amended.

“Computation Year” means with respect to the Bonds the period beginning on the Closing Date and ending on September 1, 2004, and thereafter each successive twelve month period commencing on the following September 2 and ending on the following September 1.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Commission or the Authority relating to the issuance, sale, and delivery of the Bonds or the refunding of the 1994 Bonds, the execution and delivery of the Indenture and the Escrow Agreement, and the production of the preliminary and final Official Statements pertaining to the Bonds, including administrative fees, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee or the Escrow Agent (including legal fees), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies or credit ratings, fees for transportation and safekeeping of the Bonds, and charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Indenture.

“County” means the County of Ventura, a county duly organized and existing under the laws of the State.

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

“Defeasance Securities” means any of the following to the extent then permitted by law:

1. Bonds or other non-callable and non-prepayable obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including any of the federal agencies and federally sponsored entities set forth in clause 3 below to the extent guaranteed by the United States of America.
2. Non-callable and non-prepayable obligations of any of the following federal agencies or federally sponsored entities, which obligations represent the full faith and credit (guaranteed obligations) of the United States of America, including, but not limited to, the following:
 - a. Export-Import Bank;
 - b. Farm Credit System Financial Assistance Corporation;
 - c. Rural Economic Community Development Administration (formerly the Farmers Home Administration);
 - d. General Services Administration;
 - e. U.S. Maritime Administration;

- f. Small Business Administration;
 - g. Government National Mortgage Association (GNMA);
 - h. U.S. Department of Housing & Urban Development (PHA's);
 - i. Federal Housing Administration;
 - j. Federal Financing Bank;
 - k. Resolution Funding Corporation (REFCORP) interest strips only;
 - l. Agency for International Development; and
 - m. Overseas Private Investment Corporation.
3. Direct non-callable and non-prepayable obligations of any of the following federal agencies or federally sponsored entities, which obligations are not fully guaranteed by the full faith and credit of the United States of America:
- a. Federal National Mortgage Association (FNMA);
 - b. Federal Home Loan Mortgage Corporation (FHLMC);
 - c. Resolution Funding Corporation (REFCORP) principal strips;
 - d. Federal Home Loan Bank Systems (FHLB); and
 - e. Obligations of other government sponsored agencies that have been approved by the Bond Insurer.
4. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P; provided, however, that, if such bonds are rated only by S&P, such bonds must have been pre-refunded with cash, direct obligations of, or obligations unconditionally guaranteed by, the United States of America, or pre-refunded municipal bonds rated "Aaa" by Moody's or "AAA" by S&P.
5. Other forms of investments approved in writing by the Bond Insurer with notice by the Commission to S&P.

"Escrow Fund" means the fund of that name established under the Escrow Agreement.

"Event of Default" has the meaning given to such term in the Indenture.

"Fiscal Year" means the fiscal year of the Commission which, as of the date hereof, is the period from July 1 to and including the following June 30.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed by the Commission, and who, or each of whom, is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Commission, and who, or each of whom: (a) is judged by the Commission to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Commission; (c) does not have any substantial interest, direct or indirect, with the Commission; and (d) is not connected with the Commission as an officer or employee of the Commission, but who may be regularly retained to make reports to the Commission.

"Information Services" means Financial Information, Incorporated's "Financial Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Service "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York

10004; Moody's Investors Service "Municipal and Government," 5250 77 Center Drive, Suite 150, Charlotte, NC 28217, Attention: Called Bonds Department and Standard & Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other services providing information with respect to called bonds, or to such services, as the Commission may indicate in a Certificate of the Commission delivered to the Trustee.

"Interest Payment Date" means each March 1 and September 1, commencing September 1, 2004.

"Low and Moderate Income Housing Fund" means the fund by that name established, maintained, and held by the Commission pursuant to Section 33334.3 of the Law.

"Maximum Annual Debt Service" means the maximum Annual Debt Service for any Bond Year prior to the maturity of the Bonds; provided, however, that, for purposes of calculating such maximum Annual Debt Service, there shall be excluded a pro rata portion of each installment of principal of any series of Bonds, together with the interest to accrue thereon, in the event and to the extent that a portion of the proceeds of such series of Bonds are deposited into and remain in any escrow fund from which amounts may not be released to the Commission unless and until the escrow release test set forth in the applicable Supplemental Indenture has been satisfied.

"Moody's" means Moody's Investors Service and its successors and assigns.

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Commission or the City.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds (including Bonds, the principal of and interest on which has been paid by the Bond Insurer pursuant to the Bond Insurance Policy), except --

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of the Indenture; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the Commission and authenticated and delivered pursuant to the Indenture.

As the context requires, "Outstanding" shall also be deemed to refer to all Outstanding Subordinate Debt, as well.

"Owner" means any person who shall be the registered owner of any Outstanding Bond, as shown on the Bond Register.

"Parity Debt" means any loans, advances, or indebtedness issued or incurred by the Commission and secured by a pledge of or lien upon the Tax Revenues that is on a parity with the pledge of or lien upon the Tax Revenues for the security of the Bonds.

"Participants" means those broker-dealers, banks, and other financial institutions from time to time for which the Depository holds Book-Entry Bonds as securities depository.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Permitted Investments” means any of the following to the extent then permitted by law and the Indenture:

- A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- B. Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
 2. Farmers Home Administration (FmHA)
Certificates of Beneficial Ownership
 3. Federal Financing Bank
 4. Federal Housing Administration Debentures (FHA)
 5. General Services Administration
Participation Certificates
 6. Government National Mortgage Association (GNMA or Ginnie Mae)
GNMA – guaranteed mortgage-backed bonds
GNMA – guaranteed pass-through obligations
 7. U.S. Maritime Administration
Guaranteed Title XI financing
 8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures – U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds
- C. Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 1. Federal Home Loan Bank System
Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Participation Certificates
Senior debt obligations
 3. Federal National Mortgage Association (FNMA or Fannie Mae)
Mortgage-backed securities and senior debt obligations
 4. Student Loan Marketing Association (SLMA or Sallie Mae)
Senior debt obligations
 5. Resolution Funding Corp. (REFCORP) obligations
 6. Farm Credit System
Consolidated systemwide bonds and notes
- D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAA-m,” or “AA-m” and, if rated by Moody’s, rated “Aaa,” “Aa1,” or “Aa2”; provided that such funds may include funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services.
- E. Certificates of deposit secured at all times by collateral described in clause (A) or (B) above. Such certificates must be issued by commercial banks, savings and loan associations, or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
- F. Certificates of deposit, savings accounts, deposit accounts, or money market deposits which are fully insured by FDIC, including BIF and SAIF.
- G. Investment Agreements, including guaranteed investment contracts (GIC’s), Forward Purchase Agreements, and Reserve Fund Put Agreements acceptable to the Bond Insurer.
- H. Commercial paper rated, at the time of purchase, “Prime – 1” by Moody’s and “A-1” or better by S&P.
- I. Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such rating agencies.
- J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured, and unguaranteed obligation rating of “Prime – 1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P.
- K. Repurchase Agreements (“*Repos*”) for 30 days or less must follow the following criteria. *Repos* which exceed 30 days must be acceptable to the Bond Insurer (criteria available upon request).

Repos provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm.
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated "A" or better by S&P and "A2" or better by Moody's, or
 - b. Banks rated "A" or better by S&P and "A2" or better by Moody's.
 2. The written repurchase agreement must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct obligations of the United States of America referred to in clause (A) above, or
 - (2) Obligations of federal agencies referred to in clause (B) above, or
 - (3) Obligations of FNMA and FHLMC.
 - b. The term of the Repos may be up to 30 days.
 - c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral), or third party acting as agent for the trustee is (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
 - d. Valuation of Collateral.
 - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
 - (2) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the municipal entity, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.
 3. A legal opinion which must be delivered to the municipal entity that states that the Repo meets guidelines under State law for legal investment of public funds.
- L. The Local Agency Investment Fund ("LAIF").
- M. Other forms of investments approved in writing by the Bond Insurer with notice by the Commission to S&P.

"Qualified Reserve Fund Policy" means an insurance policy or surety bond issued by a company licensed to issue an insurance or surety, the claim-paying ability of which is rated in the highest category by A.M. Best & Company, S&P, or Moody's.

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

“Record Date” means the fifteenth (15th) day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

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

“Repository” shall have the meaning given to such term in the Continuing Disclosure Agreement.

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

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

“S&P” means Standard & Poor’s Ratings Service, a division of McGraw-Hill, and its successors and assigns.

“Securities Depositories” means the following registered securities depositories: (i) The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; (ii) Midwest Securities Trust Company, Capital Structures - Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663-2343; and (iii) Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496-5058; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the Commission may indicate in a Certificate of the Commission delivered to the Trustee.

“State” means the State of California.

“Subordinate Debt” means any loans, advances, or indebtedness issued or incurred by the Commission that are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues that is subordinate to the pledge of and lien upon the Tax Revenues under the Indenture for the security of the Bonds and any Parity Debt.

“Supplemental Indenture” means any indenture then in full force and effect which has been duly executed and delivered by the Commission and the Trustee amendatory of or supplemental to the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture. In addition, as the context requires, “Supplemental Indenture” shall also mean and include any resolution, trust indenture, installment sale agreement, or other applicable agreement adopted, entered into, or executed and delivered by the Commission pursuant to which Parity Debt is issued.

“Tax Certificate” means the Tax Certificate delivered by the Commission on the Closing Date, as the same may be amended or supplemented in accordance with its terms.

“Tax Revenues” means, except as provided below, moneys allocated within the Plan Limitations and paid to the Commission derived from (a) that portion of taxes levied upon assessable property within the Project Area allocated to the Commission pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, or pursuant to other applicable State laws, (b) reimbursements, subventions (but excluding payments to the Commission with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the Government Code of the State), or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and (c) all

amounts of such taxes required to be deposited in the Low and Moderate Income Housing Fund in any Fiscal Year pursuant to Section 33334.3 of the Law, to the extent permitted to be applied to the payment of principal, interest, and premium, if any, with respect to the Bonds and any Parity Debt, but excluding amounts of such taxes required to be deposited in the Low and Moderate Income Housing Fund in any Fiscal Year pursuant to Section 33334.3 of the Law, to the extent not permitted to be applied to the payment of principal, interest, and premium, if any, with respect to the Bonds and any Parity Debt. Tax Revenues do not include any payments made pursuant to any existing pass-through agreements entered into with any applicable taxing entity or any statutorily required pass-through payments, including, without limitation, any payments required under Section 33607.5 or 33676(a)(2) of the California Health and Safety Code, or any payments made to the County's Education Revenue Augmentation Fund created pursuant to Article 3 (commencing with Section 97) of Chapter 6 of Part 0.5 of Division 1 of the California Revenue and Taxation Code.

"Written Request of the Commission" means an instrument in writing signed by the Chairman, the Vice Chairman, the Executive Director and Secretary, the Finance and Management Services Director, or the Treasurer of the Commission, or by any other officer of the Commission duly authorized for that purpose.

"1994 Debt Service Fund" has the meaning given to such term in the Indenture.

"1994 Redevelopment Fund" has the meaning given to such term in the Indenture.

Investment of Moneys in Funds

Moneys in the funds established under the Indenture shall, in accordance with a Written Request of the Commission, be invested by the Trustee in Permitted Investments. The Trustee may conclusively rely on any direction contained in a Written Request of the Commission to invest in investments that such investments are Permitted Investments. In the absence of a Written Request of the Commission, the Trustee shall invest moneys in interest bearing demand or time deposit accounts with the Trustee or in accordance with clause (D) of the definition of Permitted Investments. The obligations in which moneys in the said funds are invested shall mature on or prior to the date on which such moneys are estimated to be required to be paid out under the Indenture. The obligations in which moneys in the Reserve Fund are so invested shall be invested in obligations maturing no later than five (5) years after the date of investment (exclusive of investment agreements and other Permitted Investments approved in writing by the Bond Insurer); provided no such investment shall mature later than the final maturity date of the Bonds; provided further, if such investments may be redeemed at par so as to be available on each Interest Payment Date, any amount of the Reserve Fund may be invested in such redeemable investments of any maturity on or prior to the final maturity date of the Bonds. The Trustee 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 required under the Indenture. Notwithstanding anything in the Indenture to the contrary, the Trustee shall not be responsible for any loss from investments, sales, or transfers undertaken in accordance with the Indenture. Except as otherwise expressly provided in the Indenture, all interest, income, or profits from the deposits or investments of all funds shall remain in such funds. For purposes of determining the amount of deposit in any fund held under the Indenture, all Permitted Investments credited to such fund shall be valued at the cost thereof. Investments shall be valued as frequently as deemed necessary by the Bond Insurer, but not less often than, on or about June 30 of each year commencing on June 30, 2004, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date. Except as otherwise provided in the Indenture, Permitted Investments representing an investment of moneys attributable to any fund and all investment profits or losses thereon shall be deemed at all times to be a part of said fund.

The Trustee may act as principal or agent in the acquisition or disposition of investments and may commingle moneys in funds and accounts for the purpose of investment.

Tax Covenants of the Commission

Pursuant to the Indenture, the Commission has made certain covenants and agreements with the Trustee and the Bond Owners, including the following tax covenants:

The Commission shall contest by court action or otherwise any assertion by the United States of America or any department or agency thereof that the interest received by the Owners is includable in gross income of such recipients under federal income tax laws. Notwithstanding any other provision of the Indenture, absent an Opinion of 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 Commission shall comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and the Commission specifically covenants, without limiting the generality of the foregoing, as follows:

Private Activity. The Commission shall take no action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other moneys or property that would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

Arbitrage. The Commission shall make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action that will cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

Federal Guaranty. The Commission shall make no 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.

Information Reporting. The Commission shall take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

Hedge Bonds. The Commission shall make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Commission takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Miscellaneous. The Commission shall take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the Commission in connection with the issuance of the Bonds and shall comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

Rebate Fund. The Trustee shall establish the Rebate Fund and the Commission shall comply with the requirements below and in the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by the Indenture and the Tax Certificate, unless the Commission obtains an Opinion of Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes if such requirements are not satisfied.

Excess Investment Earnings.

(a) **Computation.** Prior to the end of the fifth Computation Year with respect to the Bonds, the Commission shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-2 of the Treasury Regulations promulgated thereunder (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), for this purpose treating the last day of said Computation Year as a computation date, within the meaning of Section 1.148-8(b) of the Treasury Regulations promulgated thereunder (the "Rebatable Arbitrage"). The Commission shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the Indenture and the Tax Certificate.

(b) **Transfer.** Prior to the end of the fifth Computation Year with respect to the Bonds, upon the Commission's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established in the Indenture, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (a) above. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the Commission, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Debt Service Fund.

(c) **Payment to the Treasury.** Upon receipt of a Written Request of the Commission, the Trustee shall pay to the United States Treasury, out of amounts in the Rebate Fund:

(i) Not later than sixty (60) days after the end of (A) the fifth Computation Year with respect to the Bonds, and (B) each applicable fifth Computation Year thereafter, an amount equal to at least ninety percent (90%) of the Rebatable Arbitrage calculated as of the end of such Computation Year; and

(ii) Not later than sixty (60) days after the payment of all the Bonds, an amount equal to one hundred percent (100%) of the Rebatable Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Commission shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established in the Indenture, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to the Indenture shall be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in the Indenture hereof may be transferred by the Trustee to the Commission at the Written Request of the Commission and utilized in any manner by the Commission.

Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the requirements of the Indenture shall survive the defeasance of the Bonds.

Trustee Responsible. The Trustee shall have no obligations or responsibilities under the Indenture other than to follow the written directions of the Commission.

Trustee

(a) The Trustee shall, prior to an Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture and no implied duties or obligations shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default that has not been cured, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) So long as no Event of Default has occurred and is continuing, upon thirty (30) days written notice to the Trustee, the Commission, with the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, may remove the Trustee at any time and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, or 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 the Indenture, or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency, or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or 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 resign by giving written notice of such resignation to the Commission and the Bond Insurer and by giving notice of such resignation by first class mail, postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving such notice of resignation, the Commission, with the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, shall promptly appoint a successor Trustee by an instrument in writing.

(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 acceptable to the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy. If no successor Trustee shall have been appointed and shall have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, at the expense of the Commission, or any Owner (on behalf of himself and all other 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 Commission, the Bond Insurer, and its predecessor Trustee a written acceptance thereof, and thereupon 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 Commission or written 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 set forth in the Indenture. Upon request of the successor Trustee, the Commission 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 the Indenture, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts under the Indenture by first class mail, postage prepaid, to the Owners at their addresses listed in the Bond Register.

(e) Any Trustee appointed under the provisions of the Indenture shall be a trust company or bank having trust powers, having a corporate trust office in the State of California, having a combined capital, surplus, and undivided profits of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. 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 authority above referred to, then for the purpose of this paragraph (e) 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 the Indenture, 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 under the Indenture.

(g) The Trustee shall not be responsible for the sufficiency, timeliness, or enforceability of the Tax 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 Commission 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.

(j) Notwithstanding any other provision of the Indenture, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of the Indenture, the Trustee shall consider the effect on the Owners as if there were no Bond Insurance Policy.

(k) The Trustee shall notify the Bond Insurer of any failure by the Commission to provide relevant notices, certificates, or other documents required by the Indenture.

Amendments of the Indenture

The Indenture and the rights and obligations of the Commission and of the Owners may be amended at any time by a Supplemental Indenture, which shall become binding with the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, and the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture, are filed with the Trustee. Any rating agency then rating the Bonds shall receive a notice of each amendment of the Indenture and shall receive a copy thereof at least fifteen (15) days in advance of the execution or adoption of such amendment. In addition, the Bond Insurer shall be provided with a full transcript of all proceedings

relating to the execution of any Supplemental Indenture. No such amendment shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the Commission to pay the interest on or principal of or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency provided in the Indenture without the express written consent of the Owner of such Bond, (2) reduce the percentage of principal amount of Bonds owned by Owners whose consent is required for the execution of any Supplemental Indenture, or (3) modify any rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the Commission and of the Owners may also be amended at any time by a Supplemental Indenture, which shall become binding upon adoption without the consent of any Owners (but with written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy), but only to the extent permitted by law and after receipt of an approving Opinion of Counsel and only for any one or more of the following purposes:

(a) to add to the conditions, covenants, and terms contained in the Indenture required to be observed or performed by the Commission other conditions, covenants, and terms thereafter to be observed or performed by the Commission, or to surrender any right reserved in the Indenture to or conferred in the Indenture on the Commission, and which in either case shall not adversely affect the interests of the Owners provided, that the Trustee shall not take the Bond Insurance Policy into consideration in determining whether the rights of the owners of the Bonds are adversely affected by actions of the Trustee under the Indenture;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing, or supplementing any defective provision contained in the Indenture or in regard to questions arising under the Indenture which the Commission may deem desirable or necessary and not inconsistent with the Indenture or which may be required by S&P for a rating on the Bonds, and which shall not adversely affect the interests of the Owners;

(c) to provide for the issuance of Parity Debt pursuant to the Indenture, and to provide the terms and conditions under which such Parity Debt may be issued, including, but not limited to, the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of the Indenture; or

(d) to prescribe further limitations and procedures regarding the use of the proceeds of the Bonds and the moneys held under the Indenture in order to comply with any United States Treasury Regulations and any amendments thereto or any federal legislation now pending or hereafter enacted governing the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds.

Disqualified Bonds

Bonds owned or held by or for the account of the Commission or the City (but excluding Bonds held in any City employees' retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in the Indenture, and shall not be entitled to consent to or take any other action provided in the Indenture.

Events of Default and Acceleration of Maturities

If one or more of the following events (each, an "Event of Default") shall happen, that is to say:

(a) if default shall be made in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; provided, however, that in determining whether a payment default has occurred or whether a payment on the Bonds has been made under the Indenture, no effect shall be given to payments made under the Bond Insurance Policy;

(b) if default shall be made in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption; provided, however, that in determining whether a payment default has occurred or whether a payment on the Bonds has been made under the Indenture, no effect shall be given to payments made under the Bond Insurance Policy;

(c) if default shall be made by the Commission in the performance of any of the other agreements or covenants required in the Indenture to be performed by the Commission, and such default shall have continued for a period of sixty (60) days after the Commission shall have been given notice in writing of such default by the Trustee; or

(d) if the Commission shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Commission seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Commission or of the whole or any substantial part of its property;

then and in each and every such case during the continuance of such Event of Default the Trustee may, and, upon the written direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, or the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, shall, by notice in writing to the Commission, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained in the Indenture or in the Bonds to the contrary notwithstanding. The foregoing is, however, is subject to the condition that if at any time after the Bonds have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Commission shall deposit with the Trustee a sum sufficient to pay the unpaid principal amount of the Bonds due prior to such declaration and the accrued interest on those of such Bonds as are Bonds, with interest on such overdue installments at the rate or rates applicable thereto in accordance with their terms, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Commission (other than in the payment of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Commission or provision deemed by the Commission to be adequate shall have been made therefor, then and in every such case the Commission may rescind and annul declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon. In the event of payment default as provided in subsection (a) or (b) above, the Trustee shall notify the Bond Insurer immediately of such default and in the event of all other Events of Default as provided in the Indenture, the Trustee shall notify the Bond Insurer within thirty (30) days of the Trustee's actual knowledge thereof.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the

Indenture, including, without limitation, the right to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, as well as the right to rescind and annul such declaration and its consequences.

Waiver of Events of Default; Effect of Waiver

The Trustee shall waive any Event of Default under the Indenture and its consequences and rescind any declaration of acceleration upon the written direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, or the written request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding. If any Event of Default shall have been waived as provided in the Indenture, the Trustee shall promptly give written notice of such waiver to the Commission and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission, and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

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

Rights of Owners

Anything in the Indenture to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners therein, upon the happening and continuance of any Event of Default, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture.

The Trustee may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is prejudicial to rights of other Owners or would subject the Trustee to personal liability.

Restriction on Owners' Action

In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in the Indenture, no Owner of any of the Bonds shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of any trust under the Indenture, or any other remedy under the Indenture or on said Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as provided in the Indenture and unless the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding, or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in the Indenture granted, or to institute such action, suit, or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request, and offer of

indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Indenture or for any other remedy under the Indenture; it being understood and intended that no one or more Owners of the Bonds secured by the Indenture shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security of the Indenture, or to enforce any right under the Indenture or under the Bonds, except in the manner in the Indenture provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner in the Indenture provided, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of the Indenture.

Defeasance

(a) If the Commission shall pay or cause to be paid or there shall otherwise be paid to the Owners of any Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated therein and in the Indenture, then all agreements, covenants, and other obligations of the Commission to the Owners of such Bonds under the Indenture shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Commission all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Commission all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Commission shall have kept, performed, and observed all the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed, and observed by the Commission or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of the Indenture and such lien and all covenants, agreements, and other obligations of the Commission under the Indenture shall cease, terminate, become void, and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost, or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Owners of the Bonds and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of, redemption premium, if any, and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Trustee and the Commission.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal or interest due with respect to the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied, and not be considered paid by the Commission, and all covenants, agreements, and other obligations of the Commission to the Owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Owners.

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) above if

(1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Commission shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Indenture, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with the Indenture, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall, as verified by an Independent Accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Commission shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Bonds and the Bond Insurer that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds, and (4) in the case of Book-Entry Bonds, the Trustee shall give notice to the Depository of the redemption of all or part of such Book-Entry Bonds on the date proceeds or other funds are deposited in escrow with respect to such Book-Entry Bonds.

(c) After the payment of all the interest of and principal on all Outstanding Bonds as provided in the Indenture, the Trustee shall execute and deliver to the Commission all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of the Indenture, and the Trustee shall pay over or deliver to the Commission all moneys or securities held by it pursuant hereto which are not required for the payment of the interest and principal represented by such Bonds. Notwithstanding the discharge and satisfaction of the Indenture, Owners of Bonds shall thereafter be entitled to payments due under the Bonds, but only from amounts deposited pursuant to the Indenture and from no other source.

Unclaimed Money

Anything contained in the Indenture to the contrary notwithstanding, the Trustee shall notify the Commission and the Bond Insurer of any money held by the Trustee in trust for the payment and discharge of any of the Bonds which has remained unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee. The Trustee shall at the Written Request of the Commission repay such money to the Commission as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Commission for the payment of such Bonds.

APPENDIX B

GENERAL INFORMATION CONCERNING 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 of Oxnard (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 financial hub of the County and the largest city in the County, with a population estimated at nearly 182,000 in 2003, accounting for approximately 23% of the County's population. The City has become a premier center of County industrial activity since 1996 with the start of nine new industrial buildings representing a total of approximately 750,000 square feet of industrial and commercial space, with significant growth and building in the northeast area of the City.

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.

The City has a diversified and expanding economic base composed of light and heavy manufacturing, retail, service and government sectors. The City has maintained a steady population growth rate of, on average, approximately 2.2% for the past decade.

Population

The City's population has grown from approximately 150,300 people in 1993 to approximately 181,800 in 2003. The following table shows the approximate changes in population in the City, the County, the State, and the United States for the years 1993 through 2003.

**Population of
City, County, State and U.S.
1993 through 2003⁽¹⁾**

<u>Year</u>	<u>City</u>	<u>Population 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>
1993	150,300	--	690,000	--	31,150	--	260,255	--
1994	153,400	2.06%	697,200	1.85%	31,418	0.86%	263,436	1.22%
1995	155,700	1.50	702,800	0.80	31,617	0.63	266,557	1.18
1996	157,500	1.16	707,800	0.71	31,837	0.70	269,667	1.17
1997	159,800	1.46	716,100	1.17	32,207	1.16	272,912	1.20
1998	163,000	2.00	725,400	1.30	32,657	1.40	276,115	1.17
1999	166,100	1.90	736,000	1.46	33,140	1.48	279,295	1.15
2000	170,358 ⁽²⁾	2.56	753,197 ⁽²⁾	2.34	33,872 ⁽²⁾	2.21	281,674 ⁽²⁾	0.85
2001	174,500	2.37	763,900	1.42	34,367	1.46	285,094	1.21
2002	178,800	2.46	778,400	1.90	35,000	1.84	287,974	1.01
2003	181,800	1.68	791,300	1.66	35,591	1.69	290,810	0.98

Sources: State of California Department of Finance; U.S. Department of Commerce, Bureau of the Census (U.S. figures only).

(1) Unless otherwise noted, estimates for City, County and State as of January 1, and for U.S. as of July 1.

(2) Actual census figures.

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 the City's 1969 Storm Drain Bond and an obligation referred to as the "Public Safety Retirement." The 1969 Storm Drain Bond was redeemed and paid as of June 30, 1994. The following table details the City's property tax rates for the last 10 fiscal years.

City of Oxnard Property Tax Rates 1994 through 2003

Year Ended June 30	County Tax	City District (Public Safety Retirement Debt)	School Districts	Water Districts	Total Tax Rates
1994	1.00%	0.0495%	0.0685%	0.2693%	1.3873%
1995	1.00	0.0380	0.0805	0.2913	1.4098
1996	1.00	0.0362	0.0773	0.3105	1.4240
1997	1.00	0.0367	0.0807	0.3328	1.4502
1998	1.00	0.0367	0.1360	0.3449	1.5176
1999	1.00	0.0367	0.1491	0.1212	1.3070
2000	1.00	0.0475	0.1740	0.0979	1.3194
2001	1.00	0.0475	0.1714	0.0977	1.3166
2002	1.00	0.0575	0.1867	0.0723	1.3165
2003	1.00	0.0675	0.1748	0.0817	1.3140

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2003.

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 which 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 ten percent (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 one and one-half percent (1-1/2%) 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 one and one-half percent (1-1/2%) 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
1994 through 2003

<u>Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as a Percentage of Tax Levy</u>
1994	\$17,571,000	\$17,467,060	99.40%	\$621,750	\$18,088,810	102.95%
1995	17,318,091	17,000,969	98.17	567,432	17,568,401	101.45
1996	18,296,398	16,831,456	91.99	569,431	17,400,887	95.11
1997	18,233,366	17,033,821	93.42	487,301	17,521,122	96.09
1998	18,113,687	17,712,334	97.78	250,440	17,962,774	99.17
1999	15,014,300	14,868,769	99.03	189,551	15,058,320	100.29
2000	17,038,470	17,317,763	101.64	99,032	17,416,795	102.22
2001	23,380,000	23,484,567 ⁽¹⁾	100.45	90,164	23,574,731	100.83
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	29,233,880	97.32

(1) Voter-approved tax for \$3,977,315 was transferred from trust and agency to the special revenue fund in fiscal year 2001.
Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2003.

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 Property Values
1994 through 2003

<u>Year Ended June 30</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Exemptions</u>	<u>Total Assessed Value</u>
1994	\$6,082,455,163	\$108,703,880	\$692,726,941	\$5,498,432,102
1995	6,215,308,381	117,493,334	697,128,516	5,635,673,199
1996	6,312,352,104	119,814,735	667,234,581	5,764,932,258
1997	6,307,831,466	101,123,835	720,506,163	5,688,449,138
1998	6,473,207,602	94,844,935	722,494,121	5,845,558,416
1999	6,605,309,284	95,463,165	737,477,086	5,963,295,363
2000	6,844,276,538	91,597,348	874,969,634	6,060,904,252
2001	7,645,814,717	97,930,553	846,810,724	6,896,934,546
2002	8,351,831,139	111,351,225	905,863,935	7,557,318,429
2003	9,093,618,247	124,301,084	1,110,078,014	8,107,847,317

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2003.

Principal Taxpayers

The following table lists the principal taxpayers in the City as of June 30, 2003.

City of Oxnard Principal Taxpayers			
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
The Procter & Gamble Paper Products Company	Manufacturing-Paper Products	\$ 266,576,290	3.288%
St. John's Regional Medical Center	Hospital	197,985,333	2.442
Weyerhaeuser Company	Processed Paper Manufacturer	67,743,700	0.836
Seminis Inc.	Seeds	50,181,887	0.619
Fred Kavli	Real Estate Development	46,674,747	0.576
GSA Vintage-Rose Apartment	Real Estate Development	45,440,709	0.560
Tiger Ventura County	Real Estate Development	42,892,799	0.529
Parc Rose Ltd. Partnership	Real Estate Development	40,525,627	0.500
BMW of North America Inc.	Auto Preparation	40,482,613	0.499
AT&T Credit Corporation Trust	Commercial Credit	39,798,173	0.491
Donwen Corporation	Commercial Development	37,884,905	0.467
M&H Realty Partners IV LP	Real Estate Development	37,215,418	0.459
Ocean Vista Power Generation	Utility	32,859,049	0.405
PEGH Investments LLC	Real Estate Development	31,351,458	0.387
Other Taxpayers	Various	<u>7,130,228,609</u>	<u>87.942</u>
Totals		<u>\$8,107,841,317</u>	<u>100.000%</u>

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2003.

Outstanding Debt

The City uses a variety of tax increment, revenue and lease indebtedness to finance various capital acquisitions. The outstanding balances for indebtedness as of June 30, 2003, are set forth in the following table:

City of Oxnard Outstanding Debt (As of June 30, 2003)	
<u>Type of Debt</u>	<u>Outstanding Balance (as of June 30, 2003)</u>
Tax Allocation Bonds ⁽¹⁾	\$ 13,850,000.00
Revenue Bonds ⁽²⁾	89,774,000.00
Certificates of Participation	<u>8,245,000.00</u>
Total	\$111,869,000.00

(1) The tax allocation bonds are paid from the increment revenue of property taxes levied within the City's redevelopment and renewal areas. The Central Revitalization Project and other redevelopment areas currently are administered by the Oxnard Community Development Commission.

(2) Revenue bonds include issues used to finance projects for public parking, civic auditorium, sewer and treatment expansion and public housing. Debt service on these issues is paid from the revenues of the appropriate enterprise funds and the City's General Fund.

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2003.

Direct and Overlapping Bonded Debt

The following table details the City's direct and overlapping bonded debt as of June 30, 2003.

City of Oxnard Direct and Overlapping Bonded Debt (As of June 30, 2003)

<u>Jurisdiction</u>	<u>Net Debt Outstanding (June 30, 2003)</u>	<u>Percentage of Debt Applicable to the City of Oxnard (Before Exclusions)</u>	<u>Less: Exclusions ⁽¹⁾</u>	<u>Amount of Debt Applicable to the City of Oxnard</u>
Direct Bonded Debt:				
City of Oxnard Financing Authorities	\$ 28,985,000	100.000%	\$28,985,000	--
City of Oxnard – Pooled Insurance Obligation	1,079,342	100.000	1,079,342	--
City of Oxnard – 1915 Act Bonds	43,180,000	100.000	43,180,000	--
City of Oxnard Community Facilities District 1	9,740,000	100.000	9,740,000	--
City of Oxnard Community Facilities District 88-1	1,935,000	100.000	1,935,000	--
Oxnard Boulevard Interchange Community District	<u>10,490,000</u>	100.000	<u>10,490,000</u>	--
Total Direct Bonded Debt	\$ 95,409,342		\$ 95,409,342	--
Overlapping Bonded Debt:				
Metropolitan Water District	\$ 3,194,481	0.719%	--	\$ 22,968
Ventura County Community College District	11,408,700	13.422	--	1,531,276
Ventura County Superintendent of Schools – COP	271,044	13.418	--	36,369
Ventura County Community College District – COP	1,287,841	13.422	--	172,854
Ventura County General Fund Obligations	11,191,954	13.418	--	1,501,736
Ventura County Pension Obligation	11,982,274	13.418	--	1,607,782
Oxnard Union High School District	22,955,092	43.230	--	9,923,486
Oxnard Union High School District – COP	7,984,581	43.230	--	3,451,734
Oxnard School District	68,990,155	90.722	--	62,589,248
Oxnard School District – COP	6,123,735	90.722	--	5,555,575
Rio School District	15,749,257	83.484	--	13,148,110
Rio School District – COP	4,650,059	83.484	--	3,882,055
Hueneme School District	5,577,484	49.934	--	2,785,061
Ocean View School District	1,438,483	38.617	--	555,499
Ocean View School District – COP	<u>880,468</u>	38.617	--	<u>340,010</u>
Total Overlapping Bonded Debt	\$173,685,608		--	\$107,103,763
Total Direct and Overlapping Bonded Debt	\$269,094,950		\$95,409,342	\$107,103,763

(1) Exclusions represent all bonds that are not tax supported obligations of the City.
Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2003.

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 (1997 through 2001)

<u>Year</u>	<u>City</u>		<u>County</u>	
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>
2001	85,200	6.5%	419,800	4.5%
2000	83,850	6.5	413,300	4.5
1999	80,740	6.9	397,400	4.8
1998	79,170	8.0	388,200	5.5
1997	78,140	9.3	381,500	6.5

Source: State of California, Employment Development Department.

Taxable Retail Sales

Consumer spending in calendar year 2001 resulted in \$1,775,146 in taxable sales in the City, which is approximately 9.52% above calendar year 2000. Although the taxable sales figures for each type of business are not yet available from the California Board of Equalization, the following table sets forth information regarding taxable sales in the City for each type of business for calendar years 1997 through 2001.

City of Oxnard
Taxable Retail Sales by Type of Business
1997 - 2001
(000s)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Apparel stores	\$ 43,816	\$ 48,198	\$ 50,341	\$ 43,441	\$ 46,037
General merchandise stores	256,788	265,886	262,491	241,410	257,339
Food stores	62,158	64,708	66,763	66,134	64,173
Eating and drinking places	102,099	113,096	121,892	128,529	133,815
Home furnishings and appliances	36,777	40,436	45,114	44,273	54,840
Building mat. and farm implmts.	154,135	174,486	183,951	187,530	205,872
Auto dealers and auto supplies	219,860	226,386	321,044	345,079	412,761
Service stations	59,191	55,600	69,170	87,773	93,812
Other retail stores	<u>164,866</u>	<u>172,786</u>	<u>188,381</u>	<u>200,655</u>	<u>197,837</u>
Total Retail Outlets	1,099,600	1,161,582	1,309,147	1,344,824	1,466,486
All Other Outlets	<u>220,188</u>	<u>223,242</u>	<u>256,213</u>	<u>275,985</u>	<u>308,660</u>
Total All Outlets	\$1,319,788	\$1,384,824	\$1,565,360	\$1,620,809	\$1,775,146

Source: California State Board of Equalization.

Transportation

Oxnard is served by all major modes of transportation. Both U.S. Highway 101 and State Highway 1 pass through the City, linking it with the Los Angeles metropolitan area and Santa Barbara County. Rail passenger service is provided by AMTRAK, which has a station in the City. Two trains 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. Southern Pacific Railroad provides freight rail service to the City. The Ventura County Railroad Company connects Port Hueneme, the Ormond Beach Industrial Area, the CB Base and surrounding industrial areas to the Southern 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 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 U.S. 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. 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. Feeder service to Los Angeles International Airport is provided by United Express and American Eagle. 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. Great American Stagelines provides passenger services between Oxnard and Los Angeles every hour. A multi-modal transportation center located in downtown Oxnard brings together all these forms of transportation.

Education

There are twenty-nine elementary, three junior high and five senior high schools located in and around the City, plus eight parochial and private schools. The City is served by Oxnard College, which has an enrollment of over 5,700 students. 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 newly-completed California State University campus at Channel Islands (CSUCI) opened in fall 2002 with approximately 1,320 full time transfer students and welcomed freshmen in fall 2003. 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 fifty 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 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 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 Marina is a recreational boating marina administered by Ventura County. The City has over thirty 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.

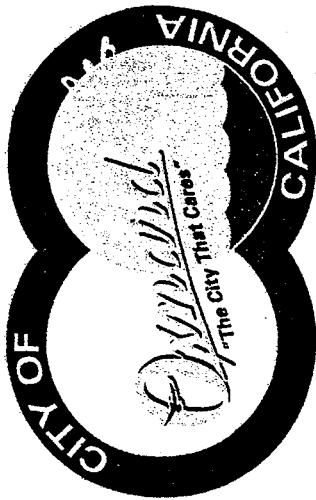
The City owns the River Ridge Golf Course, an 18-hole, 7,010-yard championship golf course located on the south side of the Santa Clara River. The City also owns a 1,600-seat Performing Arts Center located on Hobson Way in the heart of the City.

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APPENDIX C

**OXNARD COMMUNITY DEVELOPMENT COMMISSION
AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2003**

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OXNARD COMMUNITY DEVELOPMENT COMMISSION

(A Component Unit of the City of Oxnard, California)
Comprehensive Annual Financial Report
June 30, 2003
(With Independent Auditors' Reports)

Prepared By
Finance Department
Stan Kleinman, Director
Orlando Capulong, Controller

Community Development Commission

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June 30, 2003

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Community Development Commission

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December 4, 2003

Honorable Members of the Governing Board
of the Oxnard Community Development Commission

INTRODUCTION

It is our great pleasure to submit the Oxnard Community Development Commission's (Commission) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2003. This is the third year that the Commission has presented this report in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the Commission. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Commission as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Commission's financial affairs have been included.

CAFR Explanation

The CAFR was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth in pronouncements of the GASB and the Financial Accounting Standards Board (FASB). The CAFR is presented in three sections and includes the following information:

1. Introductory Section

This section includes the letter of transmittal with comments on the operations of the Commission for the year ended June 30, 2003; the Commission's organizational chart; and a list of the members of the board.

2. Financial Section

This section includes the independent auditors' reports, management's discussion and analysis, and basic financial statements, which includes government-wide financial statements, fund financial statements and notes to the basic financial statements.

3. Statistical Section

This section includes selected financial information, generally presented on a multi-year basis. This section helps to provide the reader with a broader understanding of the Commission than is possible from a reading of the financial statements and supporting schedules in the financial section alone.

REPORTING ENTITY

The Redevelopment Agency of the City of Oxnard (RDA) was established pursuant to the California Community Redevelopment Law, codified in Part I of Division 24 of the California Health and Safety Code. The RDA was activated in 1960 by Ordinance No. 2365 of the City Council. In January 1995, the RDA became the Oxnard Community Development Commission. The principal objectives of the Commission are to improve the commercial environment, upgrade residential neighborhoods, provide new public improvements, strengthen the economic base of the City, generate added employment opportunities, and improve and expand the City's industrial base.

The City Council of the City of Oxnard acts as the Board of Directors of the Commission (Board). Accordingly, the City has financial and administrative accountability for the Commission's operations. The Commission is therefore considered a financial reporting component unit of the City and its financial activity is included in the City's Comprehensive Annual Financial Report. The Commission's accounting and budgeting records for operations are maintained on the modified accrual basis of accounting, with revenues recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liabilities incurred.

FINANCIAL INFORMATION

In developing and enhancing the Commission's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition,

and to ensure the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the anticipated benefits. The evaluation of costs and benefits requires continuing estimates and judgments to be made by management.

BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted annually by the Board and are prepared for the Commission's various project areas, administration division, and the housing set-aside. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP except that encumbrances are included in budgeted expenditures.

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

CASH MANAGEMENT

The City Treasurer is responsible for investing available cash in investments allowable by law and as further defined by the City's investment policy. Allowable investments include, but are not limited to: certificates of deposit which are either government insured or collateralized, government securities, the State Treasurer's Local Agency Investment Fund, and certain commercial paper and medium term notes. In priority order, safety, liquidity, and yield are considered to be the essential criteria for selecting investments.

Cash and cash equivalents of the Commission are comprised of the following at June 30, 2003:

	Fair Value
Cash Managed by the City	\$ 8,727,556
Cash with Fiscal Agents	26,977
Total	\$ 8,754,533

The average annual yield on the City's total investment pool for the last three fiscal years is as follows:

	2003	2002	2001
Average Annual Yield	3.78 %	4.61 %	4.53 %

DEBT ADMINISTRATION

The Commission uses a variety of tax increment and loan indebtedness to finance various capital improvement projects. The outstanding balances for this indebtedness as of June 30, 2003 are as follows:

Tax Allocation Bonds	\$	13,850,000
Notes and Loans Payable		5,731,264
Total Long-Term Indebtedness	\$	19,581,264

**SIGNIFICANT ACCOMPLISHMENTS
FOR FISCAL YEAR 2002-03**

COMMUNITY DEVELOPMENT DEPARTMENT

The following is a list of accomplishments for the Community Development Department:

- Downtown Lighting Improvement Program Phase I** - Completed the downtown lighting improvement program, which consists of replacing streetlights with nostalgic lamp poles to match the Plaza Park/"A" Street lamp poles, adding streetlights, and enhancing existing parking lot lighting. This is the first phase of the Downtown Improvement Program, which also includes Parking Lot and Alley Improvements (see below).
- Downtown Parking Lot Improvement Phase I** - Completed plans for downtown parking lot repaving/restriping program and alley repaving/reconstruction program. Eighteen parking lots have been identified for improvement. Reconstruction of the alleys will coincide with the Water Division's water main replacement program to reduce costs to downtown merchants, customers and employees. Construction will begin October 2003 and will be completed by January 2004.
- Downtown Parking Structure** - Completed property acquisition of a site near the corner of Fourth and "B" Streets for a three-story, 500-space parking structure to serve downtown Oxnard. Current activity includes preparing for demolition and construction contract processes. Project completion is planned for Fall 2004.
- Downtown Design Walk-Through, Maintenance Drive-Through and Public Education Program** - Continued the monthly downtown walk-through program with planning division and code enforcement unit personnel to monitor compliance with zoning and permit requirements. The development

guidelines produced last year (on signage, facade, window treatment) have proven effective in assisting merchants both during the walk-throughs and at the planning counter, to have a better understanding of permits and zone clearance requirements. Began a monthly maintenance drive-through to record maintenance issues and problems and then assign each problem to the appropriate department for follow-up (Streets, Refuse, Graffiti Abatement Program, Parks, Code Enforcement).

Downtown Property-Based Business Improvement District – Transitioned the management of the newly-formed property-based business improvement district (PBID) for the downtown area to the new PBID staff. The PBID will be effective a minimum of five years (FY 2001-02 – FY 2005-06).

Downtown Facade Improvement Program – Continued development of a new facade improvement program to begin in Spring 2004.

Theater Project – Completed Disposition and Development Agreement (DDA) for development of a 14 screen theater and retail complex on CDC-owned property and former Bank of America building in the downtown area. The proposed development is intended to serve as a catalyst for a themed marketplace development, as well as future revitalization of downtown. Project completion is planned for Fall 2004.

Southwinds Project Area - Continued to form and strengthen private/public partnerships with residents, business, property owners and community organizations to encourage commercial retail, professional office, and residential development and rehabilitation. Completed construction on Perkins Road resurfacing and traffic calming improvements, sidewalk repair and drainage improvements.

Security Lighting and Fencing- Continue to provide homes with security fencing and lighting in the Southwinds neighborhood. In FY 2003-2004 an additional \$50,000 was budgeted for the program to complete security lighting and fencing projects to approximately four more properties.

Ormond Beach - Proposed two major industrial projects for the area, comprising of nearly 100 acres and potentially employing over 1,000 people. At the same time, the California Coastal Conservancy was completing the purchase of 265 acres of beachfront property to expand its holdings of wetlands preserve. The CDC, as part-owner of 309 acres in the project area, is considering the sale of all or a portion of this property to the Conservancy.

Esplanade Shopping Center - Ongoing oversight of the Owner Participation Agreement for the redevelopment of the Esplanade Shopping Center. The project consists of a 500,000 square foot retail “power center” anchored by Home Depot. The first phase was completed in Fall 2001. The second phase of construction is underway with completion scheduled for Fall 2003.

Vineyard/Esplanade Retail - Contacted property owners and retailers in the vicinity of the Esplanade for encouragement to revitalize their properties along the Vineyard/Esplanade corridor. The owners of 360 W. Esplanade Drive (office/retail shop building across the street from the Esplanade) completed exterior upgrades, new landscaping and signage during summer 2003. Current activity includes ongoing contact with property owners in the area to encourage further revitalization.

HERO- Project Area - Assisted the RiverPark "A" developer in the appraisal and acquisition process of 15 parcels needed to implement the Project Area. Completed negotiating a first Amended Owner Participation Agreement to further define the redevelopment of the S.P. Milling mining pit reclamation and the Town Center build-out. Assisted in the review and approval of the RiverPark Specific and General Plan Amendments, Tentative Map, Environmental Impact Report, Pre-zoning and Development Agreement.

HERO- Oxnard South Revitalization - Continuing to advance the improvement of the 29 medians collectively located on Saviers, Pleasant Valley and Hueneme Roads. Median construction began in August 2003. It is anticipated that the first five medians will be completed by December 2003. Continued to advance the revitalization of Oxnard South by facilitating community-based organization meetings. Started design of the last two phases of the median improvements.

HERO Plan Amendment-

Housing Rehabilitation and Ownership - Provided financial assistance for the rehabilitation of 17 residential properties in the Southwinds and HERO Project Areas. Financially assisted two homebuyers purchase of resale homes in the Southwinds and HERO Project. Replaced two mobile homes for very low-income families in the CCRP Project Area.

Meta Street Apartment Project - Began construction on a 24-unit farm worker housing project in the Central Business District, the first such development in the City. The project is being built and managed by a local non-profit developer (Cabrillo Economic Development Corporation. This project is financed by several funding sources, including the 9% Tax Credit Funds Program. The Meta Street area is a severely depressed and blighted area, and this residential project, along with a for-sale affordable housing project planned within one block from this site, will generate renewed life and interest in this part of the Downtown. The first "move-ins" are anticipated by December of 2003.

City-Wide Enhancement Program (CWEP) - Participated in the deployment the City's Mobile Satellite City Hall program in the Fremont North and Cal Gisler neighborhoods and will continue to participate in six neighborhood visits scheduled for 2003-2004.

Community Development Department Web Page - Completed a department web page to provide answers to typical redevelopment questions, provide updates on current projects, and outline future activities. The web page will also be used to highlight development opportunities throughout the City.

Retail Attraction Web Page - Completed and launched oxnardretail.com as part of CDC's ongoing retail attraction efforts. The website is linked to the City's website and will be an online version of the CDC's current retail marketing brochure which provides City demographics, traffic counts, and residential/commercial development information. The website will also list significant public and private retail properties currently for sale or lease within the City. The CDC will advertise oxnardretail.com in publications in which the CDC places other advertisements and will promote the website at regional and national International Council of Shopping Center events.

Retail Attraction Efforts - Updated retail attraction brochure, marketing the City and highlighting potential development opportunities. Attended local, regional and national retail trade shows and placed City advertisement in trade show publications. Established 100 contacts within the commercial

development, brokerage and retail communities for follow-up meetings and City tours. Designed a new exhibit Kiosk to display several large poster-size images of Oxnard along with informational literature for retail attraction. Launched a new City Retail Website providing information on Oxnard properties for lease and for sale.

Oxnard Factory Outlet - Completed an amendment to the current development agreements to re-position the Oxnard Factory Outlet into a home and lifestyle center.

OTHER INFORMATION

The firm Maze & Associates has conducted an audit of the basic financial statements of the Community Development Commission as of and for the year ended June 30, 2003. Their opinion is included in the Financial Section of this report.

Acknowledgments

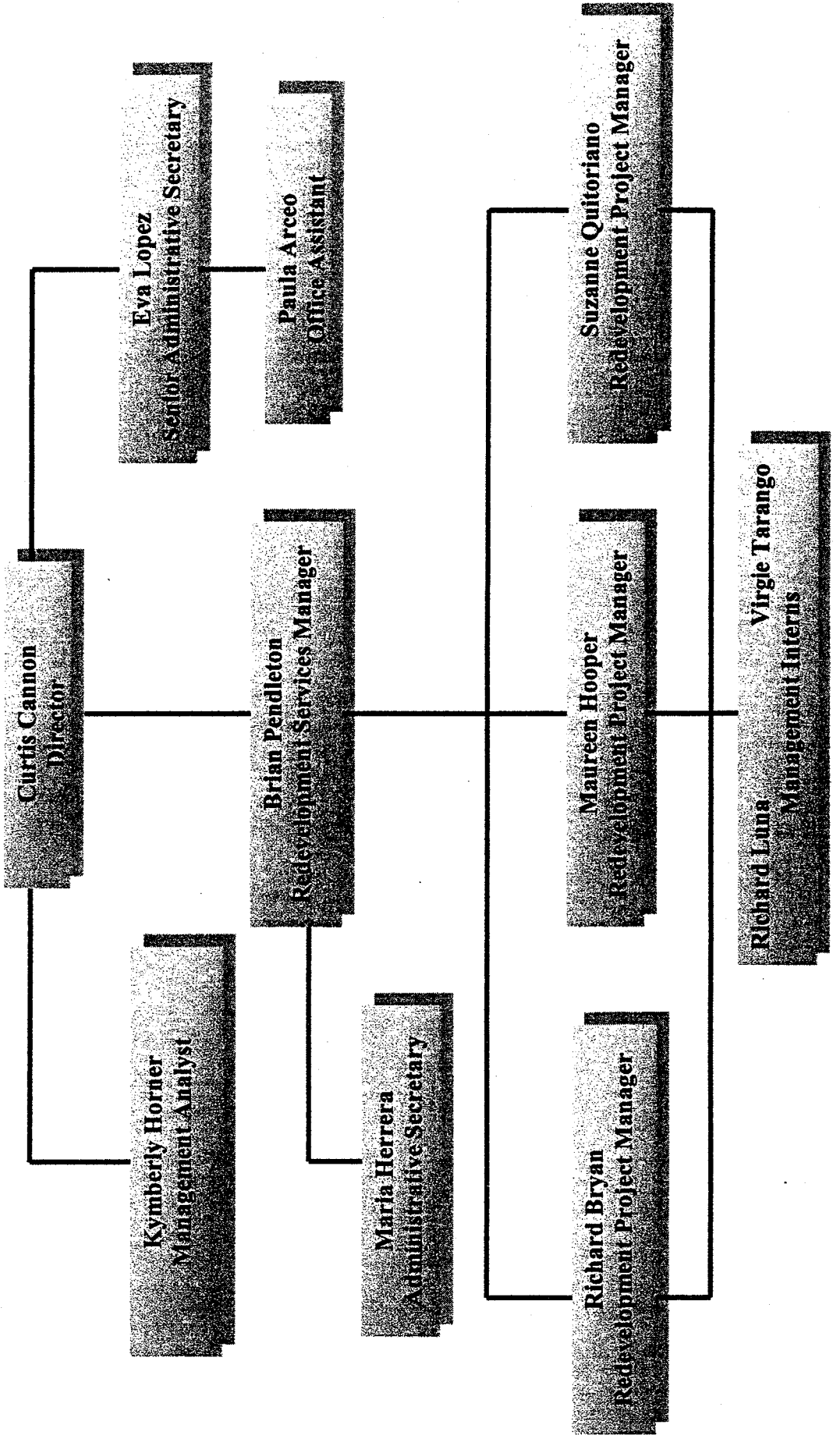
The preparation of the Commission's Comprehensive Annual Financial Report could not have been accomplished without the long hours and dedicated services of Orlando Capulong, our Controller, Finance Department staff, and the Commission's staff, most especially Curtis Cannon, Kymberly Horner, and Maureen Hooper. Appreciation is also extended to the Commission's Board, City Manager and Assistant City Manager, whose leadership and commitment are vital to the growth and stability of the Community Development Commission.

Respectfully submitted,



Stan Kleinman
Finance Director

*City of Oxnard, California
Community Development Commission
Organizational Chart*



City of Oxnard, California

CITY COUNCIL



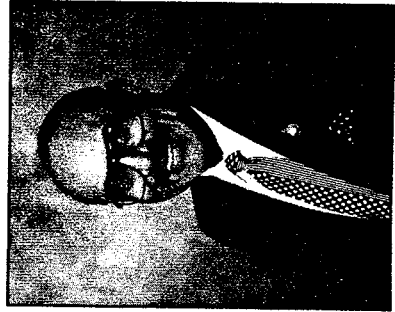
DEAN MAULHARDT
Mayor Pro Tem



ANDRES HERRERA
Councilmember



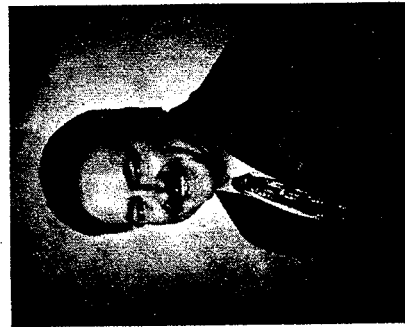
DR. MANUEL M. LOPEZ
Mayor



BEDFORD PINKARD
Councilmember



JOHN C. ZARAGOZA
Councilmember



EDMUND F. SOTELO
City Manager



KAREN BURNHAM
Assistant City Manager



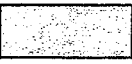




**City of Oxnard
Organizational Chart**

City Treasurer Dale Belcher	Residents City Council
City Attorney Gary Gillig Debt Collection Legal Assistance Special Litigation	City Clerk Daniel Martinez Elections Information Resources CDC Curtis Cannon Central Business Dist. Harbor District H.E.R.O Ormond Beach Southwinds Special Projects
	City Manager Edmund Sotelo
	Assistant City Manager Karen Burnham

Police	Fire	Housing	Finance	Recreation and Community Services	Development Services	Public Works	City Manager	Human Resources	Library
Art Lopez	Joe Milligan	Sal Gonzalez	Stan Kleinman	VACANT	Matt Winegar	Granville Bowman	Edmund Sotelo	Lino Corona	Barbara Murray
Administrative Services (Mike Matlock) Emergency Communications Professional Standards Support Services Field Operations (John Cronbach) Code Enforcement Community Patrol Investigative Services (Charles Hookstra) Investigative Services Special Services	Disaster Preparedness (Bill Gallaher) Emergency Services (Terry McAnally) (Michael O'Malia) (Clarence Slayton) Fire Prevention (Tom Waller)	Administrative Services (Bob Zomalt) Affordable Housing (Emie Whiakar) Housing Assistance (Bernard Cam) Modernization (Ruben Andrade) Property Services (Rick Shear)	Budget and Capital Improvement (Susan Winder) Budget Capital Improvement Projects Customer Service (Tom Wilson) Business Licensing Utility Billing Financial Resources (Mike More) Debt & Property Management Liability Management General Accounting (Lettie De Dios) Accounting Grants Management (Norma Owens) Grants Assistance Payroll & Purchasing (Bruce Dandy) Mail Service Payroll & Benefits Purchasing	Community Facilities (Bob Holden) Performing Arts and Convention Center Recreation & Community Services (Gil Ramirez) Recreation Services Senior/Special Population Services South Oxnard Center Special Events Youth Development	Development Support and Public Project Contracts Development Services (Rob Roshanian) Development Services Planning (Marilyn Miller) Planning & Environmental Services	Construction & Maintenance (Daniel Rydberg) Inland Waterways Parking Lots Street Maintenance & Repair Traffic Signs & Markings Engineering Services (Rob Roshanian) Construction Services Design Equipment Maintenance (Paul Starr) Parks & Facilities (Michael Henderson) Facilities Maintenance Landscape Assessment & Graffiti Removal Park/Facility Development Parks Maintenance River Ridge Golf Course Street Lighting	Operations Budget Cable Television Community Relations Legislative Neighborhood Services Public Information Special Projects Information Systems (Grace Hoffman) Citywide Network Support Document Publishing Services Geographic Information Systems Municipal Software Support Telecommunications Support	Employee Benefits Employee Training Human Resources Labor Negotiations Safety & Wellness Workers' Compensation	Carnegie Art Museum Circulation and Branch Services Community Outreach Public Services Support Services
				Construction & Maintenance (Daniel Rydberg) Inland Waterways Parking Lots Street Maintenance & Repair Traffic Signs & Markings Engineering Services (Rob Roshanian) Construction Services Design Equipment Maintenance (Paul Starr) Parks & Facilities (Michael Henderson) Facilities Maintenance Landscape Assessment & Graffiti Removal Park/Facility Development Parks Maintenance River Ridge Golf Course Street Lighting	Development Support and Public Project Contracts Development Services (Rob Roshanian) Development Services Planning (Marilyn Miller) Planning & Environmental Services	Construction & Maintenance (Daniel Rydberg) Inland Waterways Parking Lots Street Maintenance & Repair Traffic Signs & Markings Engineering Services (Rob Roshanian) Construction Services Design Equipment Maintenance (Paul Starr) Parks & Facilities (Michael Henderson) Facilities Maintenance Landscape Assessment & Graffiti Removal Park/Facility Development Parks Maintenance River Ridge Golf Course Street Lighting	Operations Budget Cable Television Community Relations Legislative Neighborhood Services Public Information Special Projects Information Systems (Grace Hoffman) Citywide Network Support Document Publishing Services Geographic Information Systems Municipal Software Support Telecommunications Support	Employee Benefits Employee Training Human Resources Labor Negotiations Safety & Wellness Workers' Compensation	Carnegie Art Museum Circulation and Branch Services Community Outreach Public Services Support Services

Structure: Department - Department Head - Division - (Division Manager) - Program

LEGEND

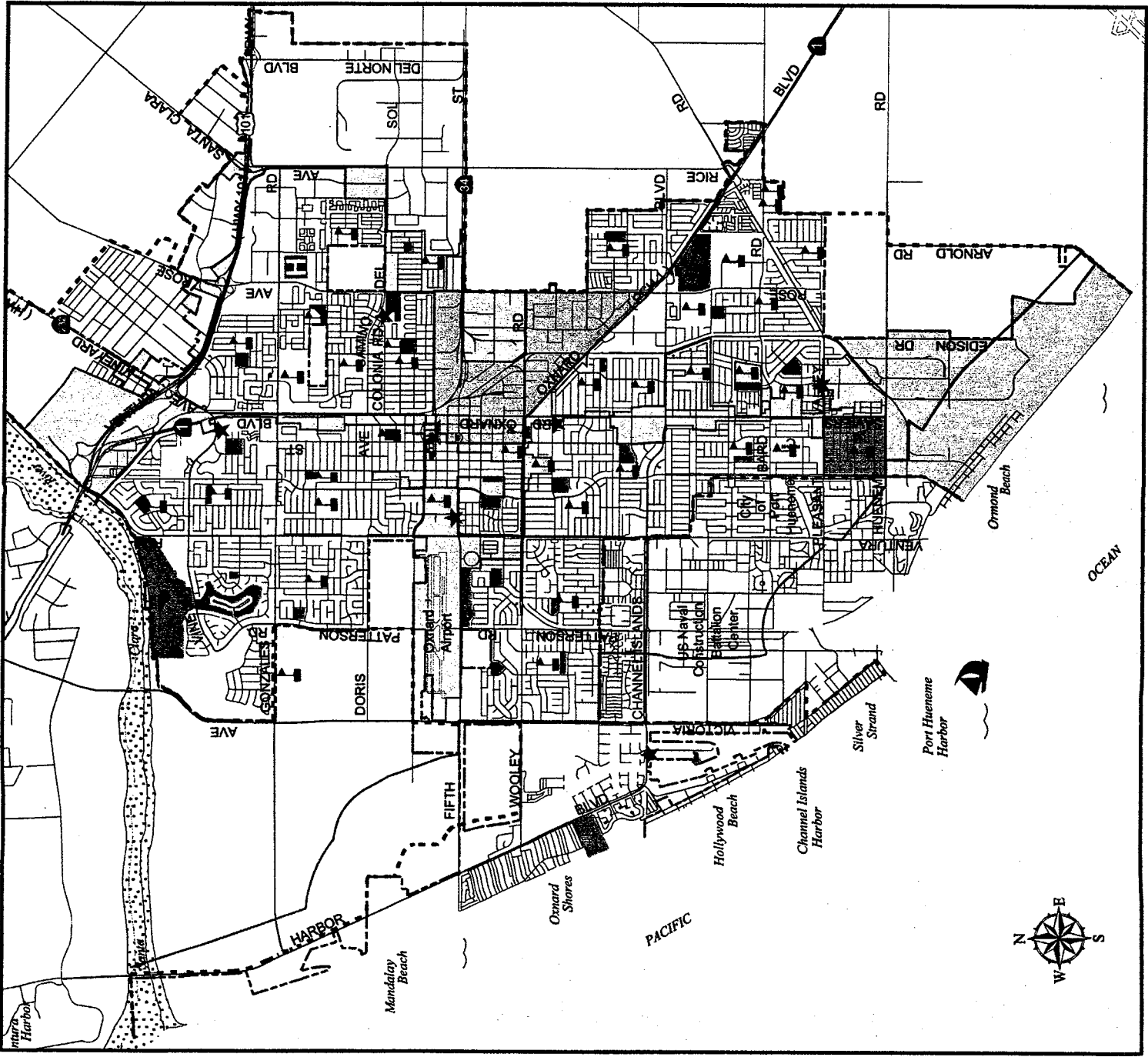
-  CENTRAL CITY REVITALIZATION PROJECT (CCRP)
Adopted R-108 (20 Acres) ... May 4, 1968
Expiration ... Jan 1, 2009
Adopted CCRP (568 Acres) .. Jan 6, 1976
Expiration .. Jan 5, 2016
Merged Jul 18, 2000
-  HISTORIC ENHANCEMENT AND REVITALIZATION OF OXNARD (HERO)
Area 2,229 Acres
Adopted April 7, 1998
Expiration .. April 6, 2028
-  ORMOND BEACH
Area 1,334 Acres
Adopted November 15, 1983
Expiration .. November 21, 2023
-  SOUTHWINDS
Area 131 Acres
Adopted June 18, 1985
Expiration .. June 17, 2025
-  OXNARD CITY LIMITS
-  SPHERE OF INFLUENCE BOUNDARY
-  LOCAL COASTAL PLAN BOUNDARY

CITY OF OXNARD



November 14, 2003

The mapped data is created and designed by the City of Oxnard GIS Program, which is developed and operated solely for the convenience of the City. The map is for illustrative purposes only. The City does not warrant the accuracy of this map, and no decision involving a risk of injury or economic loss should be made in reliance thereon.



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1931 San Miguel Drive - Suite 100
Walnut Creek, California 94596
(925) 930-0902 • FAX (925) 930-0135
E-Mail: maze@mazeassociates.com
Website: www.mazeassociates.com

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Honorable Mayor and Members
of the Oxnard Community Development Commission
Oxnard, California

We have audited the basic component unit financial statements of the governmental activities and each major fund of the Oxnard Community Development Commission, a component unit of the City of Oxnard, California, as of and for the year ended June 30, 2003, as listed in the Table of Contents. These basic component unit financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards* (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the component unit financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic component unit financial statements referred to above present fairly in all material respects the financial position of the governmental activities and each major fund of the Oxnard Community Development Commission at June 30, 2003 and the respective changes in the financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The basic component unit financial statements referred to above follow the requirements of the Government Accounting Standards Board's Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, No. 36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33*, No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments; Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*, as discussed in Note 1 to the basic component unit financial statements.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and we express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic component unit statements of the Oxnard Community Development Commission. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical information listed in the Table of Contents was not audited by us and we do not express an opinion on this information.

Maze & Associates

December 23, 2003

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Oxnard Community Development Commission
of the City of Oxnard
Oxnard, California

We have audited the financial statements of the Oxnard Community Development Commission as of and for the year ended June 30, 2003, and have issued our report thereon dated December 23, 2003. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, except as noted below, that are required to be reported under *Government Auditing Standards*.

The Commission had not filed the Blight Progress, Loan and Property reports required under Health and Safety Code Sections 33080.1 and 33080.4 as of December 31, 2002.

The Commission did not perform an excess surplus calculation as required by Health and Safety Code Section 33334.12 as part of the December 31, 2002 HCD report.

The Commission did not perform monitoring of the low and moderate income housing units in the Center City Revitalization Project Area as required by Health and Safety Code Section 33418.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we did communicate other matters to the City Council in our separate Memorandum on Internal Controls dated December 23, 2003.

This report is intended for the information of the Commission Board, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Maze & Associates

Oxnard Community Development Commission
(A Component Unit of the City of Oxnard, California)
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2003

This management's discussion and analysis provides an overview of the financial activities of the Community Development Commission (Commission) for the fiscal year ended June 30, 2003. Please read this discussion and analysis in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to the basic financial statements.

The financial statements presented herein include all financial activities of the Commission as described in accordance with Governmental Accounting Standard Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government" (GASB 34).

The Fund Financial Statements consist of the Commission's governmental funds. The governmental funds are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. A reconciliation of the Fund Financial Statements to the Government-Wide Financial statements is provided to explain the differences created under GASB 34.

**REPORTING THE COMMISSION AS A
COMPONENT UNIT OF THE CITY OF OXNARD**

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the Commission as a whole and its activities. These statements include all assets and liabilities of the Commission's governmental activities using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

These statements report the Commission's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net assets are one indicator of whether its financial health is improving or deteriorating.

Governmental Activities

In the Statement of Net Assets and the Statement of Activities, all of the Commission's basic services are reported as governmental activities. Tax increment, rentals on properties and interest income finance these activities. The Commission's fund financial statements focus on reporting the flow of money into and out of these funds and the balances remaining at year-end that are available for spending.

Oxnard Community Development Commission
(A Component Unit of the City of Oxnard, California)
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2003

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule summarizes the financial position of the Commission as of June 30, 2003:

	2003	2002	Increase (Decrease)
Current Assets:			
Properties Held for Resale	\$ 9,215,425	\$ 8,871,043	\$ 343,782
Capital Assets (Net of Accumulated Depreciation)	5,040,057	7,263,384	(2,223,327)
	24,891,943	23,124,289	1,767,654
Total Assets	39,147,425	39,259,316	(111,891)
Current Liabilities	3,907,860	3,069,788	838,072
Non-Current Liabilities	18,806,475	25,678,331	(6,871,856)
Total Liabilities	22,714,335	28,748,119	(6,033,784)
Net Assets:			
Invested in Capital Assets (Net of Related Debt)	5,310,679	2,132,495	3,178,184
Restricted	3,319,417	7,719,416	(4,399,999)
Unrestricted	7,802,994	659,286	7,143,708
Total Net Assets	\$ 16,433,090	\$ 10,511,197	\$ 5,921,893

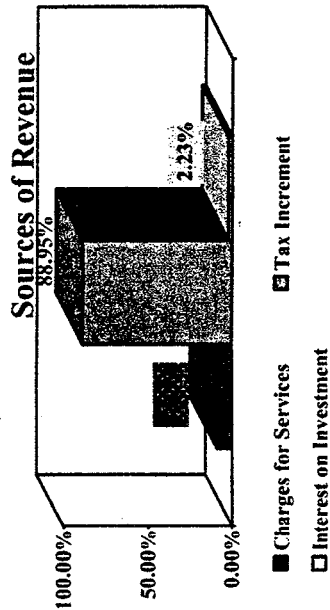
At the end of Fiscal Year 2003, the current assets are 23.54 percent of total assets, with the remaining 76.46 percent representing properties held for resale and capital assets, net of accumulated depreciation. The total net assets of the Commission increased 56.34 percent at June 30, 2003. The increase of \$ 5,921,893 mainly derives from adjustment of properties held for resale and write-off of Advances from City in according to GASB 34 (refer to Note 7).

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2003, the Commission's net assets are \$16,433,090.

The following presents the change in net assets for the Commission's governmental activities for the year ended June 30, 2003:

	2003	2002	Increase (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 654,944	\$ 176,843	\$ 478,101
General Revenues:			
Tax Increment	6,608,451	6,188,573	419,878
Development Fees	---	278,640	(278,640)
Interest on Investment	165,681	263,687	(98,006)
Other Revenues	---	286,417	(286,417)
Total Revenues	7,429,076	7,194,160	234,916
Expenses:			
Community Development	6,568,661	5,951,227	617,434
Interest Expenses	1,111,561	932,785	178,776
Total Expenses	7,680,222	6,884,012	796,210
Changes in Net Assets	\$ (251,146)	\$ 310,148	\$ (561,294)

The following table presents the Commission's sources of revenue for the year ended June 30, 2003:



Oxnard Community Development Commission
 (A Component Unit of the City of Oxnard, California)
 Management's Discussion and Analysis
 Fiscal Year Ended June 30, 2003

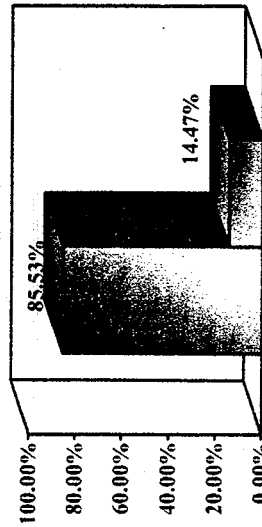
FINANCIAL ANALYSIS OF MAJOR FUNDS

The Commission's total revenues for Fiscal Year 2003 amounted to \$7,429,076, an increase of 3.27 percent from prior fiscal year amount of \$7,194,160. The Commission's major source of revenue is tax increment revenue, which represents 88.95 percent of total revenues. This revenue increased 6.78 percent from prior fiscal year. The Commission's total expenses were \$7,680,222 for the year ended June 30, 2003, an increase of 11.57 percent. The expenditure increases in Community Development of \$617,434 are administrative costs and depreciation expense.

The Commission's major funds account for financial resources designated for the acquisition or construction of redevelopment projects. These projects are primarily funded by tax increment within each project area. These funds are classified as capital projects funds.

Total revenues for the governmental funds for Fiscal Year 2003 were \$7,429,076 while expenditures amounted to \$10,331,142, which resulted in an excess (deficits) of revenues over expenditures of (\$2,902,066) for the year. The following table shows the results of operations for each major fund for Fiscal Year 2003:

Functional Expenses



■ Community Development □ Interest Expenses

	2003	2002	Increase (Decrease)
Central City Redevelopment	\$ (924,931)	\$ (960,241)	\$ 35,310
Downtown Renewal Project	110,994	106,402	4,592
Southwind Redevelopment Project	337,315	439,390	(102,075)
Ormond Beach Redevelopment Project	317,581	177,095	140,486
HERO Project	439,273	(65,566)	504,839
Housing Set-Aside	(2,765,597)	(470,431)	(2,295,166)
Debt Service Fund	(416,701)	(416,701)
Total	\$ (2,902,066)	\$ (773,351)	\$ (2,128,715)

Oxnard Community Development Commission
(A Component Unit of the City of Oxnard, California)
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2003

For the current fiscal year 2002-2003, the variances of revenues and expenditures compared to prior year for each major fund are as follows:

The Central City Redevelopment Project Fund had an increase of 142.46 percent in revenue due to higher property tax increments because of an increase in property tax assessed valuations. However, there is also an increase of 77.92 percent in expenditures due to capital outlay improvement cost.

The Downtown Renewal Project Fund had an increase in revenue of 18.37 percent due to higher property tax increments collected because of an increase in property tax assessed valuations and a slight increase in interest collected on investment. The increase in revenue was offset by the increase in expenditures of 67.24 percent mainly due to increase of administrative costs and capital outlay improvement.

The Southwind Redevelopment Project Fund had a slight increase of 1.12 percent in revenue due to higher property for tax increments collected because of an increase in property assessed valuations. The increase in expenditures of 61.94 percent from prior fiscal year is due to higher administrative costs, professional services, and capital outlay.

The decrease in revenues for Ormond Beach Redevelopment Project Fund of 58.55 percent from prior year is due to lower property tax assessed valuations. The decrease in expenditures of 74.16 percent is due to decrease of administrative costs and capital outlay.

The decrease in H.E.R.O. Redevelopment Project Fund revenues for fiscal year 2002-2003 of 4.05 percent from prior year is due to an decrease in property tax assessed valuations. The decrease in expenditures of 39.30 percent is due to decrease of administrative cost and capital outlay.

The decrease in revenue for the Housing Set-Aside Fund for the fiscal year 2002-2003 of 80.36 percent from prior year is due to a decrease in interest earned on investment, sale of real property, and miscellaneous income. The increase in expenditures of 195.70 percent is due to an increase in administrative costs and capital outlay.

The increase of excess of revenues over expenditures from \$(773,351) for fiscal year 2001-2002 to \$(2,902,066) for fiscal year 2002-2003 is due to increased expenditures due to administrative costs and capital outlay.

CAPITAL ASSETS

The Commission's investment in capital assets for its governmental activities as of June 30, 2003, amounts to \$24,891,943 (net of depreciation). The Commission's capital assets include land, buildings, and improvements other than buildings (systems, machinery and equipment, and construction in progress). The Commission's investments in capital assets increased by 7.64 percent from the prior year

Major capital assets additions during Fiscal Year 2003 related to improvement of projects for sign/image rehabilitation, street lighting,

Oxnard Community Development Commission
(A Component Unit of the City of Oxnard, California)
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2003

landscape and graffiti program, median improvements, affordable housing and housing rehabilitation.

The following table provides a breakdown of the Commission's capital assets at June 30, 2003:

Governmental Activities	2003	2002	Increase (Decrease)
Land, Buildings, and Improvements	\$ 25,315,255	\$ 23,466,598	\$ 1,848,657
Furniture and Equipment	115,044	115,044	—
Total	25,430,299	23,581,642	1,848,657
Accumulated Depreciation	(538,356)	(457,352)	(81,004)
Total Capital Assets (Net)	\$ 24,891,943	\$ 23,124,290	\$ 1,767,653

Additional information on the Commission's capital assets can be found in Note 4 to the Basic Financial Statements.

DEBT ADMINISTRATION

The Commission uses a variety of tax increment and loan indebtedness to finance various capital improvement projects. At June 30, 2003, the Commission's long-term debt outstanding for governmental activities was \$19,581,264.

The following table provides a breakdown of the Commission's outstanding indebtedness as of June 30, 2003:

	2003	2002	Increase (Decrease)
Tax Allocation Bonds	\$ 13,850,000	\$ 14,475,000	\$ 625,000
Notes and Loan Payable	5,731,264	5,834,149	(102,885)
Advances from City	—	3,433,466	(3,433,466)
City of Oxnard Grants-in-Aid	—	1,139,572	(1,139,572)
Redevelopment Loan from City	—	1,600,000	(1,600,000)
Total Long-Term Indebtedness	\$ 19,581,264	\$ 26,482,187	\$ (6,900,923)

The tax allocation bonds are paid from the increment revenues of property taxes levied within the Commission's redevelopment areas.

ECONOMIC FACTORS

The Commission is primarily dependent on tax increment for the funding of the project areas operations.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This management's discussion and analysis report is designed to provide the City's residents, taxpayers, customers, investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the Office of the Director of Finance at 300 West Third Street, Oxnard, California, 93030, phone (805) 385-7462, or e-mail at orlando.capulong@ci.oxnard.ca.us.

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

**Statement of Net Assets
June 30, 2003**

Assets	Governmental Activities
Current Assets:	
Cash and Cash Equivalents (Note 3)	\$ 8,727,556
Investments with Fiscal Agents (Note 3)	26,977
Accounts and Other Receivables	3,961
Notes Receivable (Note 5)	456,931
Total Current Assets	9,215,425
Non-Current Assets:	
Properties Held for Resale (Note 1-E)	5,040,057
Total Non-Current Assets	5,040,057
Capital Assets (Note 4):	
Property, Plant, Equipment and Improvements	25,430,299
Less Accumulated Depreciation	(538,356)
Total Capital Assets	24,891,943
Total Assets	39,147,425
Liabilities	
Current Liabilities:	
Accounts Payable	506,682
Other Liabilities	541,702
Due to City of Oxnard	2,084,687
Long-Term Debt Due Within One Year (Note 6)	774,789
Total Current Liabilities	3,907,860
Non-Current Liabilities:	
Long-Term Debt Due in More Than One Year (Note 6)	18,806,475
Total Non-Current Liabilities	18,806,475
Total Liabilities	22,714,335
Net Assets (Note 9):	
Invested in Capital Assets (Net of Related Debt)	5,310,679
Restricted	3,319,417
Unrestricted	7,802,994
Total Net Assets	\$ 16,433,090

See accompanying notes to basic financial statements.

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

*Statement of Activities
Year Ended June 30, 2003*

Functions/Programs	Expenses	Program Revenues	Charges for Services	Net (Expenses) Revenues and Changes in Net Assets
Governmental Activities:				
Community Development	\$ 6,568,661	\$ 654,944		\$ (5,913,717)
Interest on Long-Term Debt	1,111,561			(1,111,561)
Total	\$ 7,680,222	\$ 654,944		\$ (7,025,278)
General Revenues:				
Tax Increment				6,608,451
Development Fees				—
Earnings on Investments				165,681
Other Revenues				—
Total General Revenues				6,774,132
Changes in Net Assets				(251,146)
Net Assets Beginning				10,511,197
GASB 34 Implementation Adjustment				6,173,039
Net Assets - June 30, 2003				\$ 16,433,090

See accompanying notes to basic financial statements.

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

**Governmental Funds
Balance Sheet
June 30, 2003**

	Central City Revitalization Project Fund	Downtown Renewal Project Fund	Southwinds Redevelopment Project Fund	Ormond Beach Redevelopment Project Fund	H.E.R.O. Redevelopment Project Fund	Housing Set-Aside Fund	Debt Service Fund	Total
Assets:								
Cash and Cash Equivalents	\$ 762,180	\$ 86,677	\$ 1,029,910	\$ 852,706	\$ 2,669,064	\$ 3,327,019	\$ ---	\$ 8,727,556
Investments with Fiscal Agents	26,977	---	---	---	---	---	---	26,977
Accounts and Other Receivables	3,961	---	---	---	---	---	---	3,961
Notes Receivable	439,058	---	17,873	---	---	---	---	456,931
Properties Held for Resale	4,912,857	127,200	---	---	---	---	---	5,040,057
Total Assets	\$ 6,145,033	\$ 213,877	\$ 1,047,783	\$ 852,706	\$ 2,669,064	\$ 3,327,019	\$ ---	\$ 14,255,482
Liabilities and Fund Balance								
Liabilities:								
Accounts Payable	\$ 42,318	\$ ---	\$ 520	\$ 207,363	\$ 256,481	\$ ---	\$ ---	\$ 506,682
Other Liabilities	132,244	152	---	401,258	446	7,602	---	541,702
Due to City of Oxnard	1,878,145	---	---	---	206,542	---	---	2,084,687
Total Liabilities	2,052,707	152	520	608,621	463,469	7,602	---	3,133,071
Fund Balances:								
Reserved:								
Reserve for Encumbrances	---	---	---	---	---	802,120	---	802,120
Notes Receivable	439,058	---	17,873	---	---	---	---	456,931
Properties Held for Resale	4,912,857	127,200	---	---	---	---	---	5,040,057
Total Reserved	5,351,915	127,200	17,873	---	---	802,120	---	6,299,108
Unreserved:								
Designated for Authorized Projects	---	255	180,464	244,085	243,727	2,474,994	---	3,143,525
Undesignated	(1,259,589)	86,270	848,926	---	1,961,868	42,303	---	1,679,778
Total Unreserved	(1,259,589)	86,525	1,029,390	244,085	2,205,595	2,517,297	---	4,823,303
Total Fund Balances	4,092,326	213,725	1,047,263	244,085	2,205,595	3,319,417	---	11,222,411
Total Liabilities and Fund Balances	\$ 6,145,033	\$ 213,877	\$ 1,047,783	\$ 852,706	\$ 2,669,064	\$ 3,327,019	\$ ---	\$ 14,255,482

See accompanying notes to basic financial statements.

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

**Reconciliation of Fund Balance for the Governmental Funds to the Government-Wide Statement of Net Assets for Governmental Activities
June 30, 2003**

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported for the Governmental Funds Balance Sheet. The following provides a reconciliation of those differences:

Total Fund Balances - Total Governmental Funds per Balance Sheet	\$ 11,122,411
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Balance Sheet.	24,891,943
Long-Term liabilities are not due and payable in the current period and therefore they are not reported in the Balance Sheet.	(19,581,264)
Net Assets for Governmental Activities per Statement of Net Assets	\$ 16,433,090

See accompanying notes to basic financial statements.

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

**Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2003**

	Central City Revitalization Project Fund	Downtown Renewal Project Fund	Southwinds Redevelopment Project Fund	Ormond Beach Redevelopment Project Fund	H.E.R.O. Redevelopment Project Fund	Housing Set-Aside Fund	Debt Service Fund	Total
Revenues:								
Tax Incrementals	\$ 2,708,970	\$ 149,269	\$ 594,777	\$ 594,119	\$ 983,189	\$ ---	\$ 1,578,127	\$ 6,608,451
Interest	13,095	12,889	27,381	30,488	53,390	28,438	---	165,681
Rental income	206,339	---	---	---	---	---	---	206,339
Other	14,662	---	---	97,237	267,333	69,373	---	448,605
Total Revenues	2,943,066	162,158	622,158	721,844	1,303,912	97,811	1,578,127	7,429,076
Expenditures:								
Community Development:								
Salaries and Administrative	2,248,267	39,419	182,526	262,942	820,208	2,448,735	---	6,002,097
Capital Outlay:								
Professional Services	187,130	---	10,810	51,520	---	---	---	249,460
Project Improvements	1,432,600	11,745	91,507	89,801	44,431	414,673	---	2,084,757
Debt Service:								
Principal	---	---	---	---	---	---	727,885	727,885
Interest	---	---	---	---	---	---	1,266,943	1,266,943
Total Expenditures	3,867,997	51,164	284,843	404,263	864,639	2,863,408	1,994,828	10,331,142
Excess (Deficiency) of Revenues Over Expenditures	(924,931)	110,994	337,315	317,581	439,273	(2,765,597)	(416,701)	(2,902,066)
Other Financing Sources (Uses):								
Transfers In	---	---	---	---	224,983	770,680	416,698	1,412,361
Transfers Out	(541,794)	(29,854)	(118,955)	(721,758)	---	---	---	(1,412,361)
Total Other Financing Sources (Uses)	(541,794)	(29,854)	(118,955)	(721,758)	224,983	770,680	416,698	---
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,466,725)	81,140	218,360	(404,177)	664,256	(1,994,917)	(3)	(2,902,066)
Fund Balances, July 1, 2002	5,559,051	132,585	828,903	648,262	1,541,339	5,314,334	3	14,024,477
Fund Balances, June 30, 2003	\$ 4,092,326	\$ 213,725	\$ 1,047,263	\$ 244,085	\$ 2,205,595	\$ 3,319,417	\$ ---	\$ 11,122,411

See accompanying notes to basic financial statements.

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

***Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities
Year Ended June 30, 2003***

Amounts reported for Governmental Activities in the Statement of Activities are different from those reported for the Governmental Funds in the Statement of Revenues, Expenditures, and Changes in Fund Balances due to the following:	
Total Net Changes in Fund Balances - Total Governmental Funds	\$ (2,902,066)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of capital assets of governmental funds are capitalized and allocated over their estimated useful lives as depreciation expense.	(81,004)
Capital outlay expenditures were capitalized and added to the capital assets of governmental funds.	1,848,657
Repayment of long-term obligations is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	727,885
The amount included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change): Interest Expenses	155,382
Changes in Net Assets of Governmental Activities per the Statement of Activities	\$ (251,146)

See accompanying notes to basic financial statements

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

*Notes to the Basic Financial Statements
June 30, 2003*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Redevelopment Agency of the City of Oxnard (RDA) was established pursuant to the California Community Redevelopment Law, codified in Part 1 of Division 24 of the California Health and Safety Code. The RDA was activated in 1960 by Ordinance No. 2365 of the City Council. In January 1995, the RDA became the Oxnard Community Development Commission (Commission).

The principal objectives of the Commission are to improve the commercial environment, upgrade residential neighborhoods, provide new public improvements, strengthen the economic base of the City, generate added employment opportunities and improve and expand the City's industrial base.

The City Council of the City of Oxnard (City) acts as the Board of Directors of the Commission; accordingly, the City has financial and administrative accountability for the Commission's operations. The Commission is therefore considered a financial reporting component unit of the City and its financial activities are included in the City's Comprehensive Annual Financial Report (CAFR).

B. Low- and Moderate-Income Housing

Under requirements of the State of California Health and Safety Code, the Commission is required to set aside 20 percent of tax increment revenues for use in housing projects benefiting low- and moderate-income households. At June 30, 2003, the fund balance in the Housing Set Aside Fund amounted to \$3,319,417, of which \$2,474,994 is designated for continuing capital projects.

Basic Financial Statements

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

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

*Notes to the Basic Financial Statements
June 30, 2003*

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

Government-Wide Financial Statements

The Commission's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities. These statements present a summary of the Commission's governmental activities.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the Commission's assets and liabilities, including capital assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Commission include charges for services.

Certain eliminations have been made as prescribed by GASB 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated.

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

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

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

*Notes to the Basic Financial Statements
June 30, 2003*

Fund Financial Statements

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major governmental funds aggregated. In accordance with GASB 34 and based on the direction of management and the sole purpose for which a fund is established, the following funds have been determined by management to be the Commission's major governmental funds:

- ❖ **Central City Revitalization Project Fund:** This fund was established on July 6, 1976 with projected life thru 2026.
- ❖ **Downtown Renewal Project Fund:** This fund was established on May 14, 1968 with projected life thru 2019.
- ❖ **Southwinds Redevelopment Project Fund:** This fund was established on June 16, 1985 with projected life thru 2035.
- ❖ **Ormond Beach Redevelopment Project Fund:** This fund was established on November 22, 1983 with projected life thru 2023.
- ❖ **Historic Enhancement and Revitalization of Oxnard (HERO) Project Fund:** This fund was established on April 17, 1998 with projected life thru year 2043.
- ❖ **Housing Set-Aside Fund:** This fund was established in 1992 to account for the 20 percent housing set-aside monies.
- ❖ **Debt Service Fund:** This fund is used to account for the payment of principal and interest on tax allocation bonds.

All governmental funds are accounted for using a "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

*Notes to the Basic Financial Statements
June 30, 2003*

which they become both measurable and available to finance expenditures of the current period. The Agency considers revenues available if they are collected within 60 days after year-end. The primary revenue sources which have been treated as susceptible to accrual by the City are incremental property taxes and revenues from the use of money and property. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for unmatured interest on long-term debt, which is recognized when due.

D. Budget

Budgets are adopted annually by the Board and are prepared for the Commission's various project areas, administration division, and the housing set-aside. Budgets are prepared on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United State of America (GAAP) except that encumbrances are included in budgeted expenditures.

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

E. Capital Assets

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

Buildings	45 years
Improvements:	
Paving, Curbs, Lighting	40 years
Parks Improvements	25 years
Sports Courts	40 years
Landscaping	50 years

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

Notes to the Basic Financial Statements
June 30, 2003

In accordance with GASB Statement No. 31, "Accounting for Financial Reporting for Certain Investments and External Investment Pools," the Commission has reported its cash balances at fair value.

The City Treasurer's investment pool is comprised of pooled deposits and investments and Local Agency Investment Fund (LAIF) investments. The treasurer's pool investments are carried at fair value. The fair value is determined utilizing SunGuard Securities Systems, the vendor providing investment reporting capability for the City Treasurer's Office, which provides pricing data from multiple sources. The fair value of the participants' position in the pool is the same as the value of the pool shares.

The Commission's share of the City's total investment pool (approximately 4.53%) is included in the accompanying balance sheet under the caption "Cash and Cash Equivalents." Interest earnings on the pooled investments are allocated to the Commission based on average cash balances.

The City's pooled investments, excluding investments held in trust by fiscal agents, at June 30, 2003, had a total fair value of \$164,380,824. The Commission's share of the City's pooled investments at June 30, 2003, had a total fair value of \$8,727,556.

Cash and cash equivalents of the Commission are comprised of the following at June 30, 2003:

	Fair Value
Cash managed by the City - various deposits and investments	\$ 8,727,556
Cash and investments managed by other fiscal agents - U.S. agency securities and money market accounts	26,977
Total	\$ 8,754,533

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

*Notes to the Basic Financial Statements
June 30, 2003*

Deposits

The California Government Code requires California banks and savings and loan associations to secure a local governmental Commission's ("Commission") deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of the Commission's deposits. California law also allows financial institutions to secure a Commission's total deposit by pledging first trust deed mortgage notes having a value of 150 percent of the Commission's total deposits. Such collateral is not specifically held in the City's name. The carrying amount of the City's deposits, at June 30, 2003, was \$1,721,524, which approximated bank balance. Of that amount, deposits of \$100,000 were covered by federal depository insurance.

Investments

The California Government Code authorizes local governmental agencies to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; prime commercial paper, as rated by Standard and Poor's Corporation or Moody's Commercial Paper Record; Bankers' Acceptances; repurchase and reverse repurchase agreements; negotiable certificates of deposit; obligations of the State of California; and obligations of local agencies within California. At June 30, 2003, the Commission's investments in U.S. agency securities were uninsured and unregistered but were held by the counterparty's trust department or agent, in the Commission's name.

4. CAPITAL ASSETS

Changes in the Commission's capital assets for the year ended June 30, 2003 are as follows:

	Balance July 1, 2002	Additions	Balance June 30, 2003
Governmental Activities:			
Capital Assets, Not Being Depreciated:			
Land	\$ 1,221,289	\$ —	\$ 1,221,289
Construction in Progress	—	—	—
Total Capital Assets, Not Being Depreciated	\$ 1,221,289	—	\$ 1,221,289
Capital Assets, Being Depreciated			
Land Improvements	—	—	—

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

*Notes to the Basic Financial Statements
June 30, 2003*

Buildings	689,433	—	689,433
Improvement Other Than Building Equipment and Machinery	21,555,876	1,848,657	23,404,533
	115,044	—	115,044
Total Capital Assets, Being Depreciated	<u>22,360,353</u>	<u>1,848,657</u>	<u>24,209,010</u>
Less Accumulated Depreciation for:			
Land Improvements	—	—	—
Buildings	(18,205)	(15,321)	(33,526)
Improvement Other Than Building Equipment and Machinery	(422,496)	(60,265)	(482,761)
	(16,651)	(5,418)	(22,069)
Total Accumulated Depreciation	<u>(457,352)</u>	<u>(81,004)</u>	<u>(538,356)</u>
Total Capital Assets, Being Depreciated, Net	21,903,000	1,767,653	23,670,654
Total	\$ 23,124,290	\$ 1,767,653	\$ 24,891,943

5. NOTES RECEIVABLE

On September 15, 1988, the Commission assigned its option to purchase approximately 341 acres within its Oxnard Beach Project area to the Baldwin Company in exchange for a \$1,430,000 note receivable bearing 9.05 percent interest per annum. The Commission holds as collateral a deed of trust on the property, subordinated only to the primary loan which cannot exceed 88.6 percent of the property's appraised value. The remaining balance of this note is \$17,873 as of June 30, 2003.

The Commission holds notes for the sales of properties in the Heritage Square office complex during Fiscal Year 2000 with an unpaid balance of \$439,058 at June 30, 2003, which bear interest at 8 percent and mature in the year 2020. The notes are secured by the Heritage Square restoration projects.

6. LONG-TERM OBLIGATIONS

The following is a summary of changes in the Commission's long-term obligations for the year ended June 30, 2003:

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

*Notes to the Basic Financial Statements
June 30, 2003*

	Balance July 1, 2002	Retired	Balance June 30, 2003	Amounts Due Within One Year
Governmental Activities				
Tax Allocation Refunding Bonds Series 1994A	\$ 14,475,000	\$ (625,000)	\$ 13,850,000	\$ 665,000
Notes Payable (Brown Building)	343,756	(13,627)	330,129	15,054
Metropolitan Water District Loan	5,490,393	(89,258)	5,401,135	94,735
Advances from City	3,433,466	(3,433,466)	—	—
City of Oxnard Grants-in-Aid	1,139,572	(1,139,572)	—	—
Redevelopment Loan from City	1,600,000	(1,600,000)	—	—
Total	\$ 26,482,187	\$ (6,900,923)	\$ 19,581,264	\$ 774,789

Tax Allocation Refunding Bonds Series 1994A - The Commission issued tax allocation refunding bonds, series of 1994; interest rate of 6.851 percent; issued May 5, 1994; maturing on September 1, 2016; original amount - \$18,580,000. The balance outstanding and recorded as governmental activities as of June 30, 2003 is \$13,850,000.

Notes and Loans Payable

In May 1988, the Commission purchased a building in exchange for a note. The note is secured by deeds of trust on real property and bears interest from 5.35 percent to 11.5 percent. The note matures at various times through March 14, 2006. At June 30, 2003, the outstanding balance was \$330,129.

On August 3, 1998, the Commission purchased property from the Metropolitan Water District of Southern California in exchange for a promissory note. The note is secured by deeds of trust on real property and bears interest at 6 percent per annum. The note matures at various times through December 2028. At June 30, 2003, the outstanding balance was \$5,401,135.

In accordance with GASB 34, the portion of Advances from City, City of Oxnard Grants-in-Aid, and Redevelopment Loan from City not expected to be repaid, were written off. Any payment made in the future will be recognized as an expenditure in the year of repayment.

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

Notes to the Basic Financial Statements
June 30, 2003

The Commission is in compliance with all significant covenants related to its debt issues. The annual debt service requirements for the Commission's long-term obligations are as follows:

Fiscal Year	Tax Allocation Refunding Bonds, 1994A		Notes Payable - Brown Building		Metropolitan Water District Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 665,000	\$ 889,850	\$ 15,054	\$ 32,335	\$ 94,735	\$ 321,963
2005	760,000	845,812	16,630	30,759	100,548	316,150
2006	805,000	798,850	298,445	21,936	106,718	309,980
2007	865,000	748,800	—	—	113,267	303,431
2008	5,245,000	2,868,612	—	—	120,217	296,481
2009-13	5,510,000	1,014,325	—	—	721,222	1,362,268
2014-18	—	—	—	—	971,381	1,112,109
2019-23	—	—	—	—	1,308,309	775,181
2024-28	—	—	—	—	1,864,738	322,927
Totals	\$ 13,850,000	\$ 7,166,249	\$ 330,129	\$ 85,030	\$ 5,401,135	\$ 5,120,490

7. PROPERTIES HELD FOR RESALE

During fiscal year 2002-03, the Commission acquired property "324 "B" Street for \$427,406 which is reflected as properties held for resale in the accompanying balance sheet. During the fiscal year ended June 30, 2003, the Commission properties sold valued at \$459,680. The estimated appraised values of property held for resale prior to July 1, 2002, was lower than the original historical cost; thereby the Commission wrote-off \$2,191,053 to reflect the book adjustment. The June 30, 2003 properties held for resale balance of \$5,040,057 reflects the estimated net realized value of the remaining properties owned by the Commission.

8. RISK MANAGEMENT

The Commission participates in a self-insurance program for Workers' Compensation and General Liability coverage, which is administered by the City. The Commission pays an amount to the City representing an estimate of amounts to be paid for reported claims incurred and unreported claims

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

***Notes to the Basic Financial Statements
June 30, 2003***

based upon past experience, modified for current trends and information. For the year ended June 30, 2003 the Commission paid premiums of \$16,088 to the City related to the self-insurance program.

While the ultimate losses incurred through June 30, 2003 are dependent upon future developments, the Commission's management believes that amounts paid are sufficient to cover such losses. Information relating to the Commission's self-insurance liability is not available.

9. DEFINED BENEFIT PENSION PLAN

Commission employees are covered under the City's participation in the California Public Employees Retirement System (PERS). All permanent full-time and selected part-time Commission employees are eligible for participation in PERS. Benefits vest after five years of service and are determined by a formula that considers the employee's age, years of service and salary. Employees may retire at age 55 and receive a specified percentage of their highest average annual salary for each year of service completed. PERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance. Employee contributions are 7 percent and are paid by the Commission. The Commission is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration. For the fiscal year of 2002 - 2003, the Commission's total contribution was \$57,778, consisting of PARS \$14,767 and PERS \$43,011.

Citywide information concerning elements of unfunded pension benefit obligation, contributions to PERS for the year ended June 30, 2003 and recent trend information may be found in the notes of the City's CAFR.

10. COMMITMENTS AND CONTINGENCIES

The Commission is a defendant in various claims and legal actions arising in the normal course of operations. In the opinion of the Commission Attorney and management, the ultimate liability from such actions and claims will not have a material adverse effect on the Commission's financial position or operations.

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE I

**Tax Increment Revenue
Last Ten Fiscal Years**

Fiscal Year	Central City Revitalization Project Area				Total	Downtown Renewal Project Area	Southwind Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area
	Capital Projects	Debt Service							
1994	1,559,239	838,384	2,397,623	167,950	517,624	1,629,279	---	---	
1995	674,216	1,393,311	2,067,527	147,750	403,028	964,258	---	---	
1996	820,854	1,701,303	2,522,157	142,079	472,335	1,246,116	---	---	
1997	457,503	1,678,122	2,135,625	125,467	414,276	1,149,411	---	---	
1998	295,916	1,739,475	2,035,391	116,666	448,834	1,178,044	---	---	
1999	467,758	1,726,317	2,194,075	114,802	417,517	1,104,969	---	---	
2000	632,090	1,705,570	2,337,660	113,876	427,221	979,030	1,561,243	---	
2001	512,063	1,759,805	2,271,868	112,599	448,803	1,576,595	1,300,353	---	
2002	913,558	1,629,857	2,543,415	127,232	523,236	1,702,768	1,291,922	---	
2003	2,708,970	1,578,127	4,287,097	149,269	594,777	594,119	983,189	---	

Source: Finance and Management Services Department

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE II
Interest Income
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwind Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-Aside
1994	49,930	4,149	94,530	--	--	--
1995	83,914	10,298	35,804	36,009	--	435,805
1996	81,658	5,868	104,990	124,629	--	231,909
1997	104,819	2,139	119,901	102,656	--	217,444
1998	224,952	9,780	73,063	92,040	--	164,484
1999	75,302	9,821	39,128	74,946	35,858	135,993
2000	105,696	8,796	31,658	66,417	43,244	101,585
2001	66,113	7,219	31,944	52,045	57,076	83,056
2002	31,554	9,763	41,476	38,637	66,991	75,266
2003	13,095	12,889	27,381	30,488	53,390	28,438

Source: Finance and Management Services Department

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE III
Rental Income
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area
1994	137,082
1995	239,496
1996	440,370
1997	375,163
1998	320,892
1999	191,923
2000	165,434
2001	37,045
2002	176,843
2003	206,339

Source: Finance and Management Services Department

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE IV
Salaries and Administrative Costs
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwind Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-Aside
1994	668,046	3,922	523,241	1,449,670	--	--
1995	285,634	2,180	422,315	1,305,436	--	--
1996	300,643	26,200	381,712	914,684	--	77,413
1997	402,406	118,397	459,454	820,809	--	179,677
1998	736,968	224,696	433,903	1,123,093	--	309,427
1999	210,927	33,433	267,097	69,594	242,551	433,734
2000	504,372	89,440	314,549	1,420,716	329,382	425,110
2001	647,574	44,629	252,444	1,335,223	714,074	261,111
2002	2,169,260	30,593	156,593	1,487,675	1,423,300	670,660
2003	2,248,267	39,419	182,526	262,942	820,208	2,448,735

Source: Finance and Management Services Department

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE V
Professional Services
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwind Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-Aside
1994	830,724	--	7,775	134,729	--	--
1995	681,280	--	81,318	174,007	--	--
1996	954,406	--	45,216	99,718	--	214,038
1997	318,761	--	78,602	96,619	--	288,683
1998	389,043	--	105,577	82,638	--	47,406
1999	368,122	51,665	54,837	175,907	257,649	--
2000	70,148	3,050	10,292	72,139	32,891	--
2001	66,430	4,000	10,702	63,360	34,242	--
2002	--	--	10,701	53,801	--	--
2003	187,130	--	10,810	51,520	--	--

Source: Finance and Management Services Department

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE VI
Project Improvement Costs
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwind Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-Aside
1994	83,674	75,100	118,185	1,947	--	--
1995	105,841	82,851	49,471	17,809	--	1,280,000
1996	1,490,188	--	5,288	987,595	--	655,726
1997	--	--	388,205	166,124	--	410,598
1998	1,765,089	33,704	--	--	--	610,825
1999	46,427	41,120	267,876	--	676,257	347,210
2000	322,510	9,863	363,938	10,861	106,640	519,964
2001	587,770	--	28,121	32,085	50,000	1,203,903
2002	4,792	--	8,590	22,834	1,179	297,676
2003	1,432,600	11,745	91,507	89,801	44,431	414,673

Source: Finance and Management Services Department

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE VII
20 Percent Housing Set-Aside
Last Ten Fiscal Years

Fiscal Year	Housing Set-Aside
1994	--
1995	1,704,404
1996	1,239,111
1997	787,891
1998	752,435
1999	761,021
2000	1,063,586
2001	1,131,910
2002	973,924
2003	770,680

Source: Finance and Management Services Department

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE VIII
Miscellaneous Revenue
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwind Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-Aside
1994	954,057	75,100	1,126	255,389	--	--
1995	221,376	82,851	--	27,812	--	--
1996	317,213	--	--	68,248	--	615
1997	399,641	--	--	--	--	12,367
1998	92,320	33,704	5,913	10,025	--	73,079
1999	217,822	80,017	640	246,481	--	27,350
2000	343,006	647	120	267,277	--	1,329
2001	509,234	--	--	76,686	--	503,715
2002	91,856	--	50,562	--	--	143,999
2003	14,662	--	--	97,237	267,333	69,373

Source: Annual Financial Reports

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE IX
Operating Transfers Out
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwind Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area
1994	--	--	--	(180,000)	--
1995	(893,204)	--	(168,663)	(642,537)	--
1996	(548,971)	(88,431)	(91,800)	(509,909)	--
1997	(426,655)	(50,970)	(80,384)	(229,882)	--
1998	(406,258)	(23,333)	(87,235)	(235,609)	--
1999	(436,713)	(22,496)	(80,818)	(220,994)	--
2000	(466,000)	(22,775)	(83,282)	(195,805)	(295,724)
2001	(453,745)	(22,547)	(88,840)	(315,319)	(251,459)
2002	(508,666)	(25,158)	(103,401)	(336,699)	--
2003	(541,794)	(29,854)	(118,955)	(721,758)	--

Source: Annual Financial Reports

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE X
Central City Revitalization Project Operating Statement
Last Ten Fiscal Years

Fiscal Year	Revenues	Expenditures	Other Financing		Net Change to Fund Balance	Fund Balance
			Sources	Uses		
1994	2,700,308	1,582,444	1,293,417	—	2,411,281	13,625,432
1995	1,219,002	1,072,755	—	(893,204)	(746,957)	12,878,475
1996	1,660,095	2,745,237	—	(548,971)	(1,643,113)	11,244,362
1997	1,337,126	721,167	1,561,715	(426,655)	(1,751,019)	12,995,381
1998	934,080	2,891,100	—	(406,258)	(2,363,278)	10,632,103
1999	952,805	625,476	—	(436,713)	(109,384)	10,522,719
2000	1,246,226	897,030	—	(466,000)	(116,804)	10,405,915
2001	1,124,455	4,048,667	—	(453,745)	(3,377,957)	7,027,958
2002	1,213,811	2,174,052	—	(508,666)	(1,468,907)	5,559,051
2003	2,943,066	3,867,997	—	(541,794)	(1,466,725)	4,092,326

Source: Annual Financial Reports

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE XI
Downtown Renewal Project Area Operating Statement
Last Ten Fiscal Years

Fiscal Year	Revenues	Expenditures	Other Financing (Uses)	Net Change to Fund Balance	Fund Balance
1994	172,099	153,522	--	18,577	177,857
1995	158,048	159,531	--	(1,483)	176,374
1996	147,947	90,260	(88,431)	(30,744)	145,630
1997	127,606	118,397	(50,970)	(41,761)	103,869
1998	126,446	258,400	(23,333)	(155,287)	(51,418)
1999	204,640	126,218	(22,496)	55,926	4,508
2000	123,319	102,353	(22,775)	(1,809)	2,699
2001	119,818	48,629	(22,547)	48,642	51,341
2002	136,995	30,593	(25,157)	81,244	132,585
2003	162,158	51,164	(29,854)	81,140	213,725

Source: Annual Financial Reports

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE XII
Southwind Project Area Operating Statement
Last Ten Fiscal Years

Fiscal Year	Revenues	Expenditures	Other Financing (Uses)	Net Change to Fund Balance	Fund Balance
1994	613,280	649,201	---	(35,921)	1,751,722
1995	438,832	562,798	(168,663)	(292,629)	1,459,143
1996	577,325	441,816	(91,800)	43,709	1,502,852
1997	534,177	934,261	(80,384)	(480,468)	1,022,384
1998	527,810	544,280	(87,235)	(103,705)	918,679
1999	457,285	589,810	(80,818)	(213,343)	705,336
2000	458,999	688,779	(83,282)	(313,062)	392,274
2001	480,747	291,267	(88,840)	100,640	492,914
2002	615,274	175,884	(103,401)	335,989	828,903
2003	622,158	284,843	(118,955)	218,360	1,047,263

Source: Annual Financial Reports

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE XIII
Ormond Beach Project Area Operating Statement
Last Ten Fiscal Years

Fiscal Year	Other Financing				Net Change to Fund Balance	Fund Balance
	Revenues	Expenditures	Sources	Uses		
1994	1,884,668	1,586,346	—	(180,000)	118,322	3,142,644
1995	1,028,079	1,497,252	—	(642,537)	(1,111,710)	2,030,934
1996	1,438,993	2,001,997	—	(509,909)	(1,072,913)	958,021
1997	1,252,067	1,083,552	140,000	(229,882)	78,633	1,036,654
1998	1,280,109	1,205,731	—	(235,609)	(161,231)	875,423
1999	1,426,396	845,501	—	(220,994)	359,901	1,235,324
2000	1,312,724	1,503,716	—	(195,805)	(386,797)	848,527
2001	1,705,326	1,430,668	—	(315,319)	(40,661)	807,866
2002	1,741,405	1,564,310	—	(336,699)	(159,604)	648,262
2003	721,844	404,263	—	(721,758)	(404,177)	244,085

Source: Annual Financial Reports

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE XIV
HERO Project Area Operating Statement
Last Ten Fiscal Years

Fiscal Year	Other Financing				Net Change to Fund Balance	Fund Balance
	Revenues	Expenditures	Sources	Uses		
1994	--	--	--	--	--	--
1995	--	--	--	--	--	--
1996	--	--	--	--	--	--
1997	--	--	--	--	--	--
1998	--	--	--	--	--	--
1999	35,858	1,176,457	1,600,000	--	459,401	459,401
2000	1,604,487	468,913	--	(295,724)	839,850	1,299,251
2001	1,357,429	798,316	--	(251,459)	307,654	1,606,905
2002	1,358,913	1,424,479	--	--	(65,566)	1,541,339
2003	1,303,912	864,639	224,983	--	664,256	2,205,595

Source: Annual Financial Reports

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

TABLE XV
Housing Set-Aside Operating Statement
Last Ten Fiscal Years

Fiscal Year	Revenues	Expenditures	Other Financing Sources	Net Change to Fund Balance	Fund Balance
1994	---	---	---	---	---
1995	1,277,844	1,280,000	1,441,480	1,439,324	1,439,324
1996	5,730,924	6,147,177	3,034,050	2,617,797	4,057,121
1997	229,811	878,958	762,014	112,867	4,169,988
1998	237,563	967,658	752,435	22,340	4,192,328
1999	163,343	780,944	761,021	143,420	4,335,748
2000	102,914	945,074	1,063,586	221,426	4,557,174
2001	586,771	1,465,014	1,131,910	253,667	4,810,841
2002	497,905	968,336	973,924	503,493	5,314,334
2002	97,811	2,863,408	770,680	(1,994,917)	3,319,417

Source: Annual Financial Reports

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

Governmental Fund Types
Combined Balance Sheet
June 30, 2003

	Governmental Fund Types		General Account Groups			
	Debt Service	Capital Projects	Total	Fixed Assets Account Group	Long-Term Obligation	Total
Assets						
Cash and investments (Note 3)	\$	8,727,556	\$	\$	\$	8,727,556
Cash with fiscal agents (Note 3)	—	26,977	26,977	—	—	26,977
Other receivables	—	3,961	3,961	—	—	3,961
Notes receivable (Note 5)	—	456,931	456,931	—	—	456,931
Fixed assets (Note 4):	—	—	—	25,315,255	—	25,315,255
Land, buildings and improvements	—	—	—	—	—	—
Furniture and equipment	—	—	—	115,044	—	115,044
Properties held for resale (Note 7)	—	5,040,057	5,040,057	—	—	5,040,057
Amount to be provided for long-term obligation	—	—	—	—	19,581,264	19,581,264
Total Assets	\$	\$ 14,255,482	\$ 14,255,482	\$ 25,430,299	\$ 19,581,264	\$ 59,267,045
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$	506,682	\$	506,682	\$	506,682
Other liabilities	—	541,702	541,702	—	—	541,702
Due to City of Oxnard	—	2,084,687	2,084,687	—	—	2,084,687
Bonds payable (note 6)	—	—	—	—	13,850,000	13,850,000
Notes payable (note 6)	—	—	—	—	330,129	330,129
Advances from City of Oxnard (notes 2 and 6)	—	—	—	—	—	—
Non-cash grants-in-aid (note 6)	—	—	—	—	5,401,135	5,401,135
Metropolitan Water District Agreement	—	3,133,071	3,133,071	—	19,581,264	22,714,335
Total Liabilities	\$	\$ 3,133,071	\$ 3,133,071	\$ 25,430,299	\$	\$ 25,430,299
Fund Balances						
Investments in fixed assets	—	—	—	—	—	—
Fund balances:						
Reserved:						
Restricted cash	—	802,120	802,120	—	—	802,120
Debt Service	—	—	—	—	—	—
Notes receivable	—	456,931	456,931	—	—	456,931
Properties held for resale	—	5,040,057	5,040,057	—	—	5,040,057
Total reserved	\$	\$ 6,299,108	\$ 6,299,108	\$	\$	\$ 6,299,108
Unreserved:						
Authorized projects	—	3,143,525	3,143,525	—	—	3,143,525
Undesignated	—	1,679,778	1,679,778	—	—	1,679,778
Total unreserved	—	4,823,303	4,823,303	—	—	4,823,303
Total fund balances and other credits	\$	\$ 11,122,411	\$ 11,122,411	\$	\$	\$ 11,122,411
Total Liabilities, Fund Balances and Other Credits	\$	\$ 14,255,482	\$ 14,255,482	\$ 25,430,299	\$ 19,581,264	\$ 59,267,045

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types Year Ended June 30, 2003

	Debt Service	Capital Projects	Total
Revenues:			
Tax increments	\$ 1,578,127	\$ 5,030,324	\$ 7,401,435
Interest	--	165,682	165,682
Rental income	--	206,339	206,339
Development fees	--	--	--
Other	--	448,605	712,443
Total revenues	1,578,127	5,850,949	8,485,899
Expenditures:			
Current:			
Administrative costs	--	6,002,097	7,990,841
Professional services	--	249,460	249,460
Capital outlay - project improvement costs	--	2,084,757	1,599,197
Community Development			
Principal	727,885	--	638,627
Interest	1,266,943	--	939,503
Total expenditures	1,994,828	8,336,314	11,417,628
Excess (deficiency) of revenues over expenditures	--	(2,485,365)	(2,931,729)
Other Financing Sources (Uses):			
Operating transfers in	--	1,412,361	1,234,517
Operating transfers out	--	(1,412,361)	(1,234,517)
Total other financing sources	--	--	--
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3)	(2,902,066)	(2,931,729)
Fund balances, July 1, 2002	3	14,024,474	14,024,471
Fund balances, June 30, 2003	--	\$ 11,122,411	\$ 11,092,742

See accompanying notes to combined financial statements.

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

Capital Project Funds
 Combining Balance Sheet
 June 30, 2003

Asset	C.C.R.P. Fund	Downtown Renewal Fund	Southwinds Redevelopment Project Fund	Ormond Beach Redevelopment Project Fund	H.E.R.O. Redevelopment Project Fund	Housing Set-Aside Fund	Totals
Cash and investments	\$ 762,180	\$ 86,677	\$ 1,029,910	\$ 852,706	\$ 2,669,064	\$ 3,327,019	\$ 8,727,556
Cash with fiscal agents	26,977	—	—	—	—	—	26,977
Other receivables	3,961	—	—	—	—	—	3,961
Notes receivable	439,058	—	17,873	—	—	—	456,931
Properties held for resale	4,912,857	127,200	—	—	—	—	5,040,057
Total Assets	\$ 6,145,033	\$ 213,877	\$ 1,047,783	\$ 852,706	\$ 2,669,064	\$ 3,327,019	\$ 14,255,482
Liabilities and Fund Equity							
Liabilities:							
Accounts payable	\$ 42,318	—	\$ 520	\$ 207,363	\$ 256,481	\$ —	\$ 506,682
Other liabilities	132,244	152	—	401,258	446	7,602	541,702
Due to City of Oxnard	1,878,145	—	—	—	206,542	—	2,084,687
Total Liabilities	2,052,707	152	520	608,621	463,469	7,602	3,133,071
Fund Balances:							
Reserved:							
Restrictive revenue	—	—	—	—	—	802,120	802,120
Notes receivable	439,058	—	17,873	—	—	—	456,931
Properties held for resale	4,912,857	127,200	—	—	—	—	5,040,057
Total reserved	5,351,915	127,200	17,873	—	—	802,120	6,299,108
Unreserved:							
Authorized projects	—	255	180,464	244,085	243,727	2,474,994	3,143,525
Undesignated	(1,259,589)	86,270	848,926	—	1,961,868	42,303	1,679,778
Total unreserved	(1,259,589)	86,525	1,029,390	244,085	2,205,595	2,517,297	4,823,303
Total Fund Balances	4,092,326	213,725	1,047,263	244,085	2,205,595	3,319,417	11,122,411
Total Liabilities and Fund Balances	\$ 6,145,033	\$ 213,877	\$ 1,047,783	\$ 852,706	\$ 2,669,064	\$ 3,327,019	\$ 14,255,482

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

Capital Project Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended June 30, 2003

	Central City Revitalization Project Fund	Downtown Renewal Area #1 (R108)	Southwinds Redevelopment Project Fund	Ormond Beach Redevelopment Project Fund	H.E.R.O. Redevelopment Project Fund	Housing Set-Aside Fund	Totals
Revenues:							
Tax increments	\$ 2,708,970	\$ 149,269	\$ 594,777	\$ 594,119	\$ 983,189	\$ ---	\$ 5,030,324
Interest	13,095	12,889	27,381	30,488	53,390	28,438	165,682
Rental income	206,339	---	---	---	---	---	206,339
Development Fees	---	---	---	---	---	---	---
Other	14,662	---	---	97,237	267,333	69,373	448,605
Total revenues	<u>2,943,066</u>	<u>162,158</u>	<u>622,158</u>	<u>721,844</u>	<u>1,303,912</u>	<u>97,811</u>	<u>5,850,949</u>
Expenditures:							
Community Development:							
Administrative costs	2,248,267	39,419	182,525	262,942	820,208	2,448,735	6,002,097
Capital Outlay:							
Professional services	187,130	---	10,810	51,520	---	---	249,460
Project Improvement Costs	1,432,600	11,745	91,507	89,801	44,431	414,673	2,084,757
Total expenditures	<u>3,867,997</u>	<u>51,164</u>	<u>284,843</u>	<u>404,263</u>	<u>864,639</u>	<u>2,863,408</u>	<u>8,336,314</u>
Excess (deficiency) of revenues over expenditures	<u>(924,931)</u>	<u>110,994</u>	<u>337,315</u>	<u>317,581</u>	<u>439,273</u>	<u>(2,765,597)</u>	<u>(2,485,365)</u>
Other financing sources (uses):							
Operating transfers in	---	---	---	---	224,983	770,680	995,663
Operating transfers out	<u>(541,794)</u>	<u>(29,854)</u>	<u>(118,955)</u>	<u>(721,758)</u>	<u>---</u>	<u>---</u>	<u>(1,412,361)</u>
Total other financing sources (uses)	<u>(541,794)</u>	<u>(29,854)</u>	<u>(118,955)</u>	<u>(721,758)</u>	<u>224,983</u>	<u>770,680</u>	<u>416,698</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>(1,466,725)</u>	<u>81,140</u>	<u>218,360</u>	<u>(404,177)</u>	<u>664,256</u>	<u>(1,994,917)</u>	<u>(2,902,063)</u>
Fund balances, July 1, 2002	<u>5,559,051</u>	<u>132,585</u>	<u>828,903</u>	<u>648,262</u>	<u>1,541,339</u>	<u>5,314,334</u>	<u>14,024,474</u>
Fund balances, June 30, 2003	<u>\$ 4,092,326</u>	<u>\$ 213,725</u>	<u>\$ 1,047,263</u>	<u>\$ 244,085</u>	<u>\$ 2,205,595</u>	<u>\$ 3,319,417</u>	<u>\$ 11,122,411</u>

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

**CDC Debt Service Fund
Combining Balance Sheet
June 30, 2003**

2003

Assets

Cash with fiscal agents

\$

Total Assets

\$

Fund balances

Fund Balance:

Reserved -
Debt Service

\$

Total Fund Balance

\$

Oxnard Community Development Commission (A Component Unit of the City of Oxnard, California)

***CDC Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Debt Service Funds
Year Ended June 30, 2003***

	2003
Revenues:	
Tax increments	\$ 1,578,127
Total revenues	<u>1,578,127</u>
Expenditures:	
Debt Service:	
Principal	727,885
Interest	1,266,943
Total expenditures	<u>1,994,828</u>
Deficiency of revenues over expenditures	(416,701)
Other financing sources (uses):	
Operating transfers in	<u>416,698</u>
Deficiency of revenues and other financing sources over expenditures	(3)
Fund balances, July 1, 2002	<u>3</u>
Fund balances, June 30, 2003	<u>\$ —</u>

City of Oxnard, California

**Community Development Commission - Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2003**

	Original Budget	Changes Increase (Decreases)	Revised Budget	Actual Budgetary	Variance Favorable (Unfavorable)
C.C.R.P. PROJECT AREA					
Revenues:					
Tax Increments	\$ 2,889,000	\$ (38,000)	\$ 2,851,000	\$ 2,708,970	\$ (142,030)
Interest	20,493	6,331	26,824	13,095	(13,729)
Miscellaneous:					
Rental Income	175,581	(45,581)	130,000	206,339	76,339
Sale of Property	1,325,000	(1,125,000)	200,000	—	(200,000)
Other	2,429	94,722	97,151	14,662	(82,489)
Total revenues	4,412,503	(1,107,528)	3,304,975	2,943,066	(361,909)
Expenditures:					
Administrative Costs	1,089,195	(21,459)	1,067,736	2,248,267	(1,180,531)
Professional Services	100,575	25,728	126,303	187,130	(60,827)
Project Improvement Cost	2,059,300	—	2,059,300	1,432,600	626,700
Community Development	—	—	—	—	—
Total Expenditures	3,249,070	4,269	3,253,339	3,867,997	(614,658)
Excess (Deficiency) of Revenues Over Expenditures	1,163,433	(1,111,797)	51,636	(924,931)	(976,567)
Other Financing Sources (Uses):					
Operating Transfer-Out	(577,800)	7,800	(570,000)	(541,794)	28,206
Total Other Financing Sources (Uses)	(577,800)	7,800	(570,000)	(541,794)	28,206
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses:	585,633	(1,103,997)	(518,364)	(1,466,725)	(948,361)
Fund balances, July 1, 2002	5,559,051	—	5,559,051	5,559,051	—
Fund balances, June 30, 2003	\$ 6,144,684	\$ (1,103,997)	\$ 5,040,687	\$ 4,092,326	\$ (948,361)

City of Oxnard, California

**Community Development Commission - Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2003**

**DOWNTOWN RENEWAL (R-108)
REDEVELOPMENT PROJECT AREA**

	Original Budget	Changes Increase (Decreases)	Revised Budget	Actual Budgetary	Variance Favorable (Unfavorable)
Revenues:					
Tax Increments	\$ 129,000	\$ ---	\$ 129,000	\$ 149,269	\$ 20,269
Interest	11,270	(2,697)	8,573	12,889	4,316
Other					
Total revenues	140,270	(2,697)	137,573	162,158	24,585
Expenditures:					
Administrative Costs	32,749	5,025	37,774	39,419	(1,645)
Capital Outlay	12,000	---	12,000	11,745	255
Total Expenditures	44,749	5,025	49,774	51,164	(1,390)
Excess (Deficiency) of Revenues Over Expenditures	95,521	(7,722)	89,799	110,994	23,195
Other Financing Sources (Uses):					
Operating Transfer-Out	(25,800)	2,800	(23,000)	(29,854)	(6,854)
Total Other Financing Sources (Uses):	(25,800)	2,800	(23,000)	(29,854)	(6,854)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses:	69,721	(4,922)	64,799	81,140	16,341
Fund balances, July 1, 2002	132,585	---	132,585	132,585	---
Fund balances, June 30, 2003	\$ 202,306	\$ (4,922)	\$ 197,384	\$ 213,825	\$ 16,341

City of Oxnard, California

**Community Development Commission - Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2003**

	Original Budget	Changes Increase (Decreases)	Revised Budget	Actual Budgetary	Variance Favorable (Unfavorable)
Revenues:					
Tax Increments	\$ 630,000	\$ (122,863)	\$ 507,137	\$ 594,777	\$ 87,640
Interest	32,226	4,449	36,675	27,381	(9,294)
Other	---	---	---	---	---
Total revenues	662,226	(118,414)	543,812	622,158	78,346
Expenditures:					
Administrative Costs	246,048	(3,193)	242,855	182,526	60,329
Professional Costs	10,701	---	10,701	10,810	(109)
Capital Outlay Improvements	70,991	182,862	253,853	91,507	162,346
Total Expenditures	327,740	1,79,669	507,409	284,843	222,566
Excess (Deficiency) of Revenues Over Expenditures	334,486	(298,083)	36,403	337,315	300,912
Other Financing Sources (Uses):					
Operating Transfer-Out	(126,000)	26,000	(100,000)	(118,955)	(18,955)
Total Other Financing Sources (Uses):	(126,000)	26,000	(100,000)	(118,955)	(18,955)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses:	208,486	(272,083)	(63,597)	218,360	281,957
Fund balances, July 1, 2002	828,903	---	828,903	828,903	---
Fund balances, June 30, 2003	\$ 1,037,389	\$ (272,083)	\$ 765,306	\$ 1,047,263	\$ 281,957

**SOUTHWIND REDEVELOPMENT
PROJECT AREA**

City of Oxnard, California

**Community Development Commission - Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2003**

**ORMOND BEACH
REDEVELOPMENT PROJECT AREA**

	Original Budget	Changes Increase (Decreases)	Revised Budget	Actual Budgetary	Variance Favorable (Unfavorable)
Revenues:					
Tax Increments	\$ 1,653,000	\$ 66,000	\$ 1,719,000	\$ 594,119	\$ (1,124,881)
Interest	33,623	28,024	61,647	30,488	(31,159)
Other	---	---	---	97,237	97,237
Total revenues	1,686,623	94,024	1,780,647	721,844	(1,058,803)
Expenditures:					
Administrative Costs	897,191	134,450	1,031,641	262,942	(768,699)
Professional Costs	41,734	---	41,734	51,520	(9,786)
Capital Outlay Improvements	620,220	43,700	663,920	89,801	574,119
Total Expenditures	1,559,145	178,150	1,737,295	404,263	1,333,032
Excess (Deficiency) of Revenues Over Expenditures	127,478	(84,126)	43,352	317,581	274,229
Other Financing Sources (Uses):					
Operating Transfer-Out	(331,000)	(14,000)	(345,000)	(721,758)	(376,758)
Total Other Financing Sources (Uses):	(331,000)	14,000	(345,000)	(721,758)	(376,758)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses:	(203,522)	(98,126)	(301,648)	(404,177)	(102,529)
Fund balances, July 1, 2002	648,262	---	648,262	648,262	---
Fund balances, June 30, 2003	\$ 444,740	\$ (98,126)	\$ 346,614	\$ 244,085	\$ (102,529)

City of Oxnard, California

**Community Development Commission - Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2003**

	Original Budget	Changes Increase (Decreases)	Revised Budget	Actual Budgetary	Variance Favorable (Unfavorable)
Revenues:					
Tax Increments	\$ 2,203,000	\$ (1,453,000)	\$ 750,000	\$ 983,189	\$ 233,189
Interest	54,324	(54,324)	---	53,390	53,390
Other	---	---	---	267,333	267,333
Total revenues	2,257,324	(1,507,324)	750,000	1,303,912	553,912
Expenditures:					
Administrative Costs	315,791	---	315,791	820,208	(504,417)
Professional Costs	---	---	---	---	---
Capital Outlay Improvements	---	348,798	348,798	44,431	304,367
Total Expenditures	315,791	348,798	664,589	864,639	(200,050)
Excess (Deficiency) of Revenues Over Expenditures	1,941,533	(1,856,122)	85,411	439,273	353,862
Other Financing Sources (Uses):					
Operating Transfer-In (Out)	(441,000)	291,000	(150,000)	224,983	374,983
Total Other Financing Sources (Uses)	(441,000)	291,000	(150,000)	224,983	374,983
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses:	1,500,533	(1,565,122)	(64,589)	664,256	728,845
Fund balances, July 1, 2002	1,541,339	---	1,541,362	1,541,339	(23)
Fund balances, June 30, 2003	\$ 3,041,872	\$ (1,565,122)	\$ 1,476,750	\$ 2,205,595	\$ 728,822

H.E.R.O. REDEVELOPMENT PROJECT AREA

City of Oxnard, California

**Community Development Commission - Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2003**

	Original Budget	Changes Increase (Decreases)	Revised Budget	Actual Budgetary	Variance Favorable (Unfavorable)
Revenues:					
Interest	\$ 67,060	\$ 32,371	\$ 99,431	\$ 28,438	\$ (70,993)
Development Fees	—	—	—	—	—
Miscellaneous:					
Sale of Property	—	—	—	49,030	49,030
Other Reimbursement	—	—	—	20,343	20,343
Payment of Loans	—	—	—	—	—
Total revenues	67,060	32,371	99,431	97,811	(1,620)
Expenditures:					
Administrative Costs	515,610	(159,358)	356,252	2,448,735	(2,092,483)
Professional Costs	—	—	—	—	—
Capital Outlay Improvements	1,236,278	1,653,389	2,889,667	414,673	2,474,994
Total Expenditures	1,751,888	1,494,031	3,245,919	2,863,408	382,511
Excess (Deficiency) of Revenues Over Expenditures	(1,684,828)	(1,461,660)	(3,146,488)	(3,329,434)	380,891
Other Financing Sources (Uses):					
Operating Transfer-In (Out)	1,501,600	(313,600)	1,188,000	1,234,517	(480,320)
Total Other Financing Sources (Uses):	1,501,600	(313,600)	1,188,000	1,234,517	(480,320)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses:	(183,228)	(1,775,260)	(1,958,488)	(1,994,917)	(36,429)
Fund balances, July 1, 2002	5,314,334	—	5,314,334	5,314,334	—
Fund balances, June 30, 2003	5,131,106	(1,775,260)	3,355,846	3,319,417	(34,429)

HOUSING SET-ASIDE FUND

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APPENDIX D

FORM OF BOND COUNSEL OPINION

Closing Date, 2004

Oxnard Community Development Commission
305 West Third Street
Oxnard, California 93030

\$19,185,000

Oxnard Community Development Commission
(Downtown Renewal (R-108) and Central City Revitalization Project Area)
Tax Allocation Refunding Bonds
2004 Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Oxnard Community Development Commission (the "Commission") of \$19,185,000 aggregate principal amount of the Oxnard Community Development Commission (Downtown Renewal (R-108) and Central City Revitalization Project Area) Tax Allocation Refunding Bonds, 2004 Series A (the "Bonds"), pursuant to the authority contained in Part 1 and Part 1.7 of Division 24 of the California Health and Safety Code, Articles 1 through 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 May 1, 2004 (the "Indenture"), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

In such connection, we have reviewed the Indenture, the Escrow Agreement, dated as of May 1, 2004 (the "Escrow Agreement"), by and between the Commission and Wells Fargo Bank, National Association, as escrow agent, the Tax Certificate of the Commission, dated the date hereof (the "Tax Certificate"), opinions of the City Attorney, acting as General Counsel to the Commission, General Counsel to the City of Oxnard Financing Authority, and City Attorney for the City, certifications of the Commission, the City, and others, and such other documents, opinions, and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements, and procedures contained or referred to in the Indenture, the Escrow Agreement, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

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. 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 Commission. 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, the Escrow Agreement, 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, the Escrow Agreement, and the Tax Certificate 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 cities, redevelopment agencies, and joint powers authorities in the State of California.

We undertake no responsibility for the accuracy, completeness, or fairness of the Official Statement 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 Tax 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 Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Tax Revenues.
2. Interest on the Bonds is excludable 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 corporate alternative minimum taxable income. We express no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Except as stated in paragraph (2), we express no opinion as to federal or State of California tax consequences of the ownership of the Bonds, including whether interest on the Bonds is (a) included in the calculation of the amount subject to the "branch-level" tax imposed by Section 884 of the Code upon the earnings of certain foreign corporations engaged in a trade or business within the United States or (b) included in the income of certain Subchapter S corporations for purposes of the tax imposed thereon by Section 1375 of the Code. We also express no opinion as to any other federal, state or local or any foreign tax consequences with respect to acquisition, ownership, or disposition of the Bonds.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered on [Closing Date], by and between the Oxnard Community Development Commission (the "Commission") and Wells Fargo Bank, National Association, in its capacity as dissemination agent (the "Dissemination Agent"), in connection with the issuance by the Commission of the Oxnard Community Development Commission (Downtown Renewal (R-108) and Central City Revitalization Project Area) Tax Allocation Refunding Bonds, 2004 Series A, in the aggregate principal amount of \$19,185,000 (the "Bonds"). The Bonds are being issued pursuant to the provisions of an Indenture, dated as of May 1, 2004 (the "Indenture"), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the "Trustee"), in order to provide funds (i) to refund and defease certain of the Commission's prior obligations, (ii) to finance additional redevelopment activities; (iii) to fund a reserve fund; and (iv) to pay issuance costs associated with the issuance and sale of the Bonds. The Commission 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 parties hereto for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities and Exchange Act of 1934.

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 Commission 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 (9) months after the end of the Commission's fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

"Dissemination Agent" shall mean Wells Fargo Bank, National Association, or any successor Dissemination Agent designated in writing by the Commission, which successor must have filed a written acceptance of such designation with the Commission.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. A list of the approved National Repositories can be found on the Securities and Exchange Commission website at <http://www.sec.gov/info/municipal/nrmsir.htm>.

"Official Statement" means the Official Statement relating to the Bonds.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"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.

"State Repository" shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

Section 3. Provisions of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2005, provide to each Repository and any Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement, with a copy to the Trustee and the Participating Underwriter. Not later than fifteen (15) Business Days prior to said date, the Commission shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the Commission. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the Commission may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the Commission's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Commission 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 Commission and shall have no duty or obligation to review such Annual Report.

(b) If the Commission is unable to provide the Repositories with an Annual Report by the date required in subsection (a), the Commission shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

1. determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any;
2. file a report with the Commission and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided; and
3. take any other actions mutually agreed upon between the Dissemination Agent and the Commission.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the Commission, which include information regarding the funds and accounts of the Commission, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available at the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the Commission and the Bonds for the fiscal year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the Commission for such Fiscal Year described in subsection (a) above:

1. Principal amount of the Bonds (including principal amount and years of maturity of Bonds, if any, called for redemption in advance of maturity) and any bonds issued to refund the same.
2. Balance in the funds and accounts established under the Indenture.
3. If a reserve fund insurance policy is not in effect and the amount on deposit in the Reserve Fund is not equal to the Reserve Fund Requirement, the amount of the delinquency or surplus, as applicable.
4. Information regarding any material changes to the Project Area, or the development therein, as described in the Official Statement under the following subheadings of the section entitled "THE PROJECT AREA":
 - Description
 - The Redevelopment Plan
 - Land Use
 - Major Taxpayers
 - Historical Development in Project Area
 - Current Development
 - Assessed Values and Tax Increment Revenues
 - Assessment Appeals
 - Tax Rates
 - Projected Tax Revenues and Debt Service Coverage

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 Commission, the City, or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Commission 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 Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders.
8. Bond calls.
9. Defeasances.
10. Release, substitution, or sale of property securing repayments of the securities.
11. Rating changes.

(b) Whenever the Commission obtains knowledge of the occurrence of a Listed Event, the Commission shall as soon as possible determine if such event would be material under applicable federal securities law.

(c) If the Commission determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the Commission shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository, with a copy to the Trustee and the Participating Underwriter. 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 holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The obligations of the Commission 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 Commission shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Commission 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 Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be appointed as the Dissemination Agent. The initial Dissemination Agent shall be Wells Fargo Bank, National Association.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Commission 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 requirements, change in law, or change in the identity, nature, or status of the Commission or type of business conducted;

(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 holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of the Commission or nationally recognized bond counsel, materially impair the interest of Bondholders.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of

the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Commission to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Commission 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 Commission 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 Commission shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Commission to comply with any provisions of this Disclosure Agreement any Participating Underwriter or any holder or beneficial owner of the Bonds, or the Trustee on behalf of the holders of the Bonds, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission 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 Commission 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 Commission agrees to indemnify and save the Dissemination Agent, 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 Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment 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 Commission pursuant to this Disclosure Agreement. The Commission shall pay the reasonable fees and expenses of the Dissemination Agent for its duties hereunder.

Section 12. Beneficiaries. The Disclosure Agreement shall insure solely to the benefit of the Commission, the Dissemination Agent, the Trustee, the Participating Underwriter, and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Date: [Closing Date]

OXNARD COMMUNITY DEVELOPMENT COMMISSION

By: _____
Authorized Signatory

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: Oxnard Community Development Commission

Name of Bond Issue: Oxnard Community Development Commission (Downtown Renewal (R-108) and Central City Revitalization Project Area) Tax Allocation Refunding Bonds, 2004 Series A

NOTICE IS HEREBY GIVEN that the Oxnard Community Development Commission (the "Commission") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated [Closing Date]. The Commission 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 F

OXNARD COMMUNITY DEVELOPMENT COMMISSION

MERGED DOWNTOWN RENEWAL (R-108)

AND

CENTRAL CITY REVITALIZATION PROJECT AREA

PROJECTED TAXABLE VALUES AND ANTICIPATED TAX INCREMENT REVENUES

April 5, 2004

I. Introduction

The Oxnard Community Development Commission (the "Commission") is proposing to issue its Tax Allocation Refunding Bonds 2004 Series A (the "Bonds"). The 588 acre Merged Downtown Renewal (R-108) and Central City Revitalization Project Area (the "Project Area") consisting of the original 430 acre Central City Revitalization Project ("CCRP") and the 138 acre Central City Revitalization Project Annex (the "86 Annex") and the 20 acre Downtown Renewal Area Project Number 1, California R-108 ("Downtown").

The California Community Redevelopment Law (the "Law") provides for the creation of redevelopment agencies by cities and counties for the purpose of the elimination of blight. The Law, together with Article 16, Section 16 of the California Constitution, authorizes redevelopment agencies to receive that portion of property tax revenue generated by project area taxable values that are in excess of the Base Year value. The Base Year value is defined as the amount of the taxable values within the project area boundaries on the last equalized tax roll prior to adoption of the project area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value.

Tax revenues generated from the incremental taxable value are generally referred to as Tax Increment Revenues. The Law provides that the Tax Increment Revenues may be pledged by a redevelopment agency to the repayment of agency indebtedness. In this report, Tax Increment Revenues, including Unitary Tax Revenue (see Section IV.H., Allocation of State Assessed Unitary Taxes) are referred to as Gross Revenues. Gross Revenues less; the Housing Set-Aside Requirement (see Section V, Low and Moderate Income Housing Set-Aside); the County Property Tax Collection Fees and Reimbursement (see Section IV G, County Property Tax Collection Reimbursement); required tax sharing payments; any applicable owner participation agreement payments with a lien on Tax Revenues that is superior to the lien for debt service payments on the Bonds (see Section VII, Tax Sharing Agreements and Other Obligations); and, other obligations with a lien on revenue superior to debt service on the Bonds, are referred to as Tax Revenues.

The purpose of this fiscal consultant report (the "Report") is to examine property tax information for the current fiscal year and to project the amount of tax increment revenues anticipated to be received by the Commission from the Project Area for nine subsequent fiscal years. Provisions of the Law and the Amended and Restated Redevelopment Plan determine the amount of Project Area tax increment that the Commission may utilize for purposes of making debt service

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payments, payments pursuant to tax sharing agreements between the Commission and other taxing entities and payments on other obligations with a superior lien on Tax Revenues (see Section VII, Tax Sharing Agreements and Other Obligations, below). As a result of our research, we project that the Tax Revenues for the Project Area will be as shown in Table A below (000's omitted):

**Table A
Project Area Tax Revenues**

Fiscal Year	Downtown	CCRP	86 Annex	Project Area
2003-04	\$130	\$2,341	\$174	\$2,645
2004-05	133	2,382	192	2,707
2005-06	158	2,408	202	2,768
2006-07	212	2,435	211	2,859
2007-08	215	2,463	221	2,899
2008-09	218	2,490	231	2,940
2009-10	222	2,518	242	2,981
2010-11	225	2,546	252	3,023
2011-12	229	2,575	262	3,065
2012-13	232	2,604	271	3,106
2013-14	235	2,633	279	3,147

The taxable values of property and the resulting Tax Revenues for the Project Area summarized above are reflected on Tables 1 and 2 of the projections (attached). These projections are based on assumptions determined by our review of the taxable value history of the Project Area and the property tax assessment and property tax apportionment procedures of the Ventura County Auditor-Controller. The projection illustrates the entire amount of Tax Revenues projected as being available from the Project Area. It is assumed that the Commission will continue to have sufficient debt to capture all of the available Tax Revenues. Future year assessed values and Tax Revenues are projections based on the assumptions described in this Report and are not guaranteed as to accuracy and are not to be construed as a representation of such by HdL Coren & Cone.

II. The Project Area

Downtown

The Redevelopment Plan for the Downtown Renewal Area Project Number One (Calif. R-108) was originally adopted by the City Council of the City of Oxnard on May 14, 1968. The project area encompassed about 20 acres of the downtown area of the City of Oxnard and was intended to renew and revitalize the City's downtown core. The component area is bounded by South C Street on the west, West 3rd Street on the north, South Oxnard Blvd. on the east and West 6th Street on the south. Downtown is predominantly developed in commercial uses and there is little remaining vacant land. A majority of the parcels are owned by governmental agencies such as the City of Oxnard and the Commission.

Central City Revitalization Project

CCRP was adopted by the City Council of the City of Oxnard on July 6, 1976. This component project area is about 430 acres in size and is generally located east of South Oxnard Blvd. and South of East 3rd Street. The majority of the parcels within CCRP are in residential use; however, there are a sizable number of commercial and industrial properties that possess the large majority of the assessed value within the component project area. CCRP possesses 23 vacant parcels totaling 5.58 acres.

The 86 Annex to CCRP was adopted by the City Council of the City of Oxnard on May 7, 1985. The 86 Annex was originally adopted as a portion of the CCRP project area that would not receive tax increment nor use tax increment financing for undertaking redevelopment activities. The 86 Annex existed in this form until July 18, 2000 when the Commission adopted Ordinance 2524 which added tax increment and eminent domain authority to this portion of the CCRP Project Area and established the required project area limits. The 86 Annex is about 138 acres in size and is generally bounded by Pacific Avenue on the west, East Wooley Road on the north, South Rose Avenue on the east and Ives Avenue on the south. The 86 Annex is predominantly industrial and possesses only 3.89 acres of vacant land.

A. Land Use

Table B represents the breakdown of land use in the Project Area by the number of parcels, their acreage and their taxable value for fiscal year 2003-04. This information is based on County land use designations as provided by Ventura County through tax roll data. It should be noted that the County land use designations do not necessarily parallel City land use and zoning designations. Unsecured and SBE non-unitary values are connected with parcels that are already accounted for in other categories. Acreage figures have been compiled from Assessor's tax roll data and have not been independently verified. Based upon a sampling of parcels, however, the figures associated with the parcels appear to be consistent with the values shown on the Assessor's maps.

Table B
Project Area Land Use Summary

Category	No. Parcels	Acres	Net Taxable Value	% of Total
Residential	449	84	\$ 31,488,082	7.82%
Commercial	215	60	70,826,701	17.59%
Industrial	254	360	221,374,108	54.98%
Recreational	1	11	924,012	0.23%
Institutional	8	5	1,051,779	0.26%
Vacant Land	26	9	1,773,825	0.44%
Exempt	146	39	0	0.00%
Miscellaneous	25	19	2,311,712	0.57%
Subtotal	1,124	588	\$329,750,219	81.89%
SBE Non-Unitary			1,270,050	0.32%
Unsecured			<u>71,644,622</u>	<u>17.79%</u>
Subtotal			\$72,914,672	18.11%
Total:			\$402,664,891	100.00%

The following Table C breaks down the privately owned, vacant parcels for the Project Area. Vacant parcels listed in Table C below do not include parcels owned by governmental entities or utilities. The table compares the amount of privately held vacant property in the Downtown, CCRP and 86 Annex areas to the total acreage of that component portion of the Project Area as well as comparing the combined acreage of vacant parcels to the combined acreage of the Project Area.

Table C				
Privately Owned Vacant Property				
	<u>No. Vacant Parcels</u>	<u>Vacant Acres</u>	<u>No. Of Acres</u>	<u>% Vacant Acres</u>
Downtown	0	0.00	20.00	0.00%
CCRP	23	5.58	430.00	1.30%
86 Annex	3	3.89	138.00	2.82%
Project Area	26	9.47	588	1.61%

B. Redevelopment Plan Limits

The component portions of the Project Area as adopted contained certain limitations written into the redevelopment plans. These limitations were in accordance with the Law as it existed when the project areas were adopted and were amended as necessary to comply with changes to the Law. In 1993 AB 1290 was enacted (Chapter 942, Statutes of 1993). Chapter 942 required redevelopment plans adopted prior to 1994 to incorporate a number of limits not previously required. For redevelopment plans adopted prior to 1994, Chapter 942 limits the time for establishing indebtedness to not exceed 20 years from the adoption of the redevelopment plan or January 1, 2004, whichever is later. Chapter 942 also limits the receipt of tax increment to ten years after the termination of redevelopment activities except for specific low and moderate-income housing obligations and any bond, indebtedness or other obligation authorized prior to January 1, 1994. Pursuant to Chapter 942, the Commission adopted ordinances that amended the Downtown and CCRP redevelopment plans and incorporated time limits according to the provisions of Chapter 942. No amendment to the 86 Annex was necessary because it was not entitled to utilize tax increment financing.

In 2001 the Legislature enacted SB 211 (Chapter 741, Statutes of 2001) allowing redevelopment agencies to eliminate the time limit for incurring indebtedness required by Chapter 942 for redevelopment plans adopted prior to 1994. The limit may be eliminated by a summary ordinance of the Commission's legislative body and without going through a formal redevelopment plan amendment. Redevelopment agencies that eliminate the time limit for incurring indebtedness are subject to the statutory tax sharing of Chapter 942.

On July 18, 2000 the City Council adopted Ordinance No. 2524 which activated the Commission's ability to receive tax increment revenue from 86 Annex, Ordinance 2525 which merged Downtown, CCRP and the 86 Annex into a single project area and Ordinance 2526 which amended certain limits within the Amended and Restated Redevelopment Plan.

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The Senate Bill 1045 obligated the Commission to pay into the Education Revenue Augmentation Fund for 2003-04 and provided a simplified methodology for extending the length of time within which the Commission may repay indebtedness with tax increment revenue (see Section VI below). On February 3, 2004, that Commission adopted Ordinance No. 2648 making such a one year extension for the component portions of the Project Area. The applicable redevelopment plan limits for the Project Area, as modified, are summarized below in Table D.

**Table D
Applicable Redevelopment Plan Limits**

	Last Date to Incur New Debt	Plan Expiration	Last Date to Repay Debt	Cumulative Tax Increment Limit	Limit on Bonded Debt Outstanding
Downtown	January 1, 2009	January 1, 2010	January 1, 2020		
CCRP	January 1, 2014	July 5, 2017	July 5, 2027		
86 Annex	May 6, 2015	May 6, 2026	May 6, 2036		
Project Area				\$329 million	\$135,944,000

The Ventura County Auditor-Controller does not currently keep records of the cumulative amount of tax increment revenue that has been allocated to redevelopment project areas and the records of the Commission are incomplete. Based on the available historical values and the projected tax increment revenues to be received by the Commission, it appears unlikely that the tax increment limit for the Project Area will be exceeded.

This is illustrated by the fact that using a highly conservative assumption that the component portions of the project area received the same amount of Gross Tax Revenue as projected for 2003-04 in all prior years that the component project areas were eligible to receive tax revenue and they continue to receive revenue as we have projected through the lives of each area, the Project Area would still be more than \$135 million below the cumulative tax increment limit. If, under this assumption of revenue for prior years, the growth in assessed value for the remaining life of the component portions of the Project Area is sustained at greater than five percent per year the cumulative tax increment may exceed the tax increment limit before the Project Area's last date to repay debt with tax increment revenue. If this cumulative tax increment limit is reached, the Commission will no longer be able to collect tax increment revenue for the repayment of debt except in certain limited circumstances.

III. Project Area Assessed Values

A. Assessed Values

Taxable values for all parcels are prepared by the County Assessor and reported to the Commission by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of the Project Area. The assessments are assigned to Tax Rate Areas (TRA) that are collectively coterminous with the boundaries of the Project Area. The historic reported taxable values for the Project Area were reviewed in order to ascertain the rate of taxable property valuation growth over the eight most recent fiscal years beginning with

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1996-97. Valuations prior to 2002-03 were not inclusive of the assessed values for the 86 Annex because it was not eligible to receive tax increment prior to the 2002-03 fiscal year. Between 1996-97 and 2001-02, the secured taxable value within the Project Area increased by \$29,769,024 (14.01%). The secured assessed value declined from 1996-97 to 1997-98 by \$6,218,447 (2.9%) but has increased in each subsequent year. Growth has been well in excess of the inflationary growth.

The 86 Annex portion of CCRP was originally adopted without the authorization to receive tax increment revenue. The City Council activated the Commission's ability to receive tax increment revenue from the 86 Annex by Ordinance 2524 on July 18, 2000. This circumstance is governed by Section 33676(a)(2) of the Law and provides that the Commission may determine whether to utilize the original base year value from 1984-85 or the valuation from the last equalized tax roll prior to the adoption of Ordinance 2524. The Commission opted to utilize the original base year values; however, the Auditor-Controller has used the assessed values for 1999-00 as the base year value.

The Commission is disputing this methodology; however, until such time as the issue is determined, the projection must use the Auditor-Controller's methodology. If the Auditor-Controller makes the correction and uses the original 1984-85 base year value, incremental value within the 86 Annex will increase by \$60,221,854, which is the difference between the 1984-85 value and the 1999-00 value. Based on our projections, the Auditor-Controller's use of the 1999-00 assessed values as the base year for calculation of tax increment revenue will result in the Commission receiving over \$20 million less in Gross Revenue during the lifetime of the 86 Annex portion of CCRP.

Using the Auditor-Controller's method of calculation, the base year value for the Merged Project Area was increased for 2002-03 by \$63,209,405 to \$118,871,463. Assessed values for 2002-03 increased over the values for 2001-02 by \$93,114,709, an increase of 31.7%. The Project Area's incremental value for 2002-03 was \$29,925,304 (12.56%) higher than the Project Area's incremental values for 2001-02. From 2002-03 to 2003-04 assessed values increased by \$23,518,967 (6.08%).

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Project Area for fiscal year 2003-04 was conducted. The assessed values of those properties controlled by the top ten taxpayers in the Project Area were compared to the total assessed value and incremental value of the Project Area. The top ten taxpayers within the Project Area control property valued at \$104,315,203 for 2003-04. This amount represents 27.37% of the total secured value within the Project Area and 17.25% of the unsecured value. It is 25.14% of the total value within the Project Area. The value of property owned by the top tax-payers is 35.77% of the total incremental value of the Project Area. Nine of the Project Area's top ten taxpayers are located within CCRP. The top taxpayers in the Project Area are all owners of industrial properties and unsecured property. A complete listing of the top ten taxpayers in the Project Area and its component areas, Downtown, CCRP and the 86 Annex is shown on Table 4 of each tax increment projection.

IV. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of property are established each year on the property tax lien date. Prior to 1997 the lien date was March 1 for locally assessed property and January 1 for State assessed utility property. Beginning with 1997, the lien date became January 1 for locally assessed property also. Real property reflects the reported assessed values for secured and unsecured land and improvements. Pursuant to Article XIII A of the State Constitution the value of locally assessed real property may be increased to reflect actual inflationary growth but this growth may not exceed two percent annually. The California State Department of Finance has determined that the inflationary factor for fiscal year 2004-05 will be 1.867% and not the full two percent permitted by law. In most cases real property values are permitted to increase to full market value as a result of a change of ownership or new construction. Utility property assessed by the State Board of Equalization may be revalued annually and such assessments are not subject to the inflation limitations of Article XIII A. The taxable value of personal property is also established on the lien dates and is not subject to the annual two percent limit of locally assessed real property.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate.

B. Supplemental Assessments

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

Since 1984-85 revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Tax Revenues by taxing entities typically follows the change of ownership by a year or more. We have **not** included revenues resulting from Supplemental Assessments in the projections. Table E illustrates the amounts of Supplemental Assessment Revenues that have been received by the Commission for the Project Area during the 2002-03 fiscal year.

Table E				
2002-03 Supplemental Assessment Revenue				
	<u>Downtown</u>	<u>CCRP</u>	<u>86 Annex</u>	<u>Merged Project Area</u>
Supplemental Revenue	\$1,404	\$24,743	\$7,218	\$33,365
Total Project Area Revenue	\$162,448	\$2,828,915	\$141,706	\$3,133,069
Supplemental Revenue as % of Total Revenue	0.86%	0.88%	5.09%	1.07%

C. Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and a project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of \$1.00 per \$100 of taxable values and the over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. The over-ride tax rates typically decline each year as a result of (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and (2) the eventual retirement of debt over time.

The Project Area contains a total of thirteen Tax Rate Areas (TRAs) of which eight contain taxable value. The TRAs that contain taxable value are spread among the component project areas with Downtown containing one TRA, CCRP containing five TRAs and the 86 Annex containing two TRAs. A Tax Rate Area is a geographic area within which the taxes on all property are levied by a certain set of taxing entities. These taxing entities each receive a prorated share of the general levy and those taxing entities with voter approved over-ride tax rates receive the revenue resulting from that tax rate.

The tax increment projections are based on the published tax rates for 2003-04. There are three tax rates that are applied to the Project Area TRAs. These tax rates contain debt service over-ride rates that were levied by the Oxnard Elementary School District, the Oxnard High School District and the Ventura Community College District that were approved by voters after January 1, 1989. These over-ride tax rates do not, therefore, accrue any benefit to the Commission. These debt service over-ride rates have not been considered in the projections. One debt service over-ride rate that is levied by the Oxnard Elementary School District is assumed to be eliminated over a ten year period using a straight line reduction in the over-ride rate.

Within all of the Project Area TRAs, the City of Oxnard and the Metropolitan Water District levy debt service over-ride tax rates. The tax rate levied by the City was approved by voters prior to January 1, 1989 and is used to fund pension funds. This over-ride rate is authorized

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through the entire term of the Bonds and is assumed to remain at the same rate through the life of the projection. The tax rate levied by the Metropolitan Water District was also approved by voters prior to January 1, 1989 and is used for water purchase. This rate is also authorized to a date beyond the term of the Bonds and is assumed to remain constant throughout the projection. Table F below illustrates the components that make up the tax rate that is applicable to the Project Area.

Table F			
Tax Rate for 2003-04			
Number of Tax Rate Areas	6	1	1
Incremental Value	\$253,923,108	\$36,436,771	\$1,273,925
General Levy	1.000000	1.000000	1.000000
Oxnard Elementary School District	0.046200	0.046200	0.046200
Metropolitan Water District	0.006100		
Metropolitan Water District #12		0.007900	
City of Oxnard	0.076637	0.076637	0.076637
RDA Tax Rate	1.128937	1.130737	1.122837
Oxnard Elementary School District	0.045000	0.045000	0.045000
Oxnard High School District	0.013300	0.013300	0.013300
Ventura Community College District	0.016600	0.016600	0.016600
Total Tax Rate:	1.203837	1.205637	1.197737

D. Allocation of Taxes

Taxes paid by property owners are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. The County disburses supplemental tax increment revenues to all redevelopment agencies, including the Commission, with payments in November, May and July. Supplemental tax increment revenues are allocated to the Commission based on collections.

In December the Auditor-Controller allocates approximately 50% of the Commission's projected secured and unsecured revenues. In April the Auditor-Controller allocates the remaining 50% of the Commission's projected secured and unsecured revenues. Unitary revenues are allocated to the Commission at the same time as the secured and unsecured revenues but, because unitary revenues are allocated based on collections, there may be a third payment made in July to fully allocate these unitary revenues.

E. Annual Tax Receipts to Tax Levy

It is the practice of the Auditor-Controller to allocate to redevelopment agencies 100% of the revenue projected by the equalized tax roll. The Commission thereby receives 100 percent of the

secured and unsecured taxes levied on the extended tax roll without regard to corrections, cancellations and refunds. The tax revenues of the Commission are not subject to revenue loss due to delinquencies or gains due to redemptions.

This methodology is an administrative practice that is subject to change, however, the Auditor-Controller has given no indication that any change is being contemplated. Revenues that are derived from the supplemental tax roll are allocated to the Commission under a separate methodology (see Section IV B, Supplemental Assessments).

F. Assessment Appeals

Assessment appeals granted under Section 51 of the Revenue and Taxation Code (also known as Prop 8 Appeals) require that, for each subsequent lien date, the value of real property shall be adjusted to be the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions took place in some counties during the mid-1990's due to declining real estate values. Reductions made under this code section may be initiated by the Assessor or requested by the property owner.

After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine the full cash value of the property and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases shall be consistent with the full cash value of the property and, as a result, may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation it, once again, is subject to the annual inflationary factor growth rate allowed under Article XIII A. (See Section X).

Assessment appeals may also be requested as adjustments to a property's base year value. If such an appeal is granted with a change in value, the base year value of the property is adjusted accordingly and that value is subsequently adjusted for new construction, demolition and any other changes requiring revaluation of the parcel's land, improvement and personal property values and by the annual inflationary factor growth rate allowed under Article XIII A.

Appeals data in Ventura County is not readily available and so determining the number of currently pending appeals is difficult. We have reviewed all pending assessment appeals on file with the Clerk of the Board of Supervisors and found that only one of these appeals is for property within the Project Area. Terminal Freezers Inc., the top taxpayer within the Project Area filed an assessment appeal for reduction of personal property value for fiscal years 1999-00 through 2002-03. On December 8, 2003, the Assessment Appeals Board agreed to reduce Terminal Freezer's personal property assessments by the amounts shown on Table G below. The Board did not direct any reduction of the values for 2003-04.

Table G			
Terminal Freezers Inc. Personal Property Value Reduction			
Fiscal Year	Personal Property Value	Value Reduction	Revised Personal Property Value
1999-00	\$4,034,900	(\$166,000)	\$3,868,900
2000-01	\$4,190,300	(\$154,300)	\$4,036,000
2001-02	\$4,842,900	(\$126,100)	\$4,716,800
2002-03	\$4,145,000	(\$103,000)	\$4,042,000

G. County Property Tax Collection Reimbursement

Chapter 466, adopted by Senate Bill 2557, allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. The amounts that are reimbursed are the costs connected with the collection and distribution of property taxes for the Tax Collector, the Auditor Controller and the Assessor. The portions of the reimbursement amount that are allocated to each taxing entity within the County are based on the percentage of the total assessed value in the County that each taxing entity's assessed value represents.

The Property Tax Collection Reimbursement charge for 2002-03 was \$1,833.13 for Downtown, \$31,620.96 for CCRP and \$1,961.97 for the 86 Annex. These charges equated to 1.13% of the component project area's Gross Tax Increment Revenue. For purposes of this projection, it is assumed that the Property Tax Collection Reimbursement will continue to be 1.13% of the Project Area's Gross Revenue.

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization, other than railroads. Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area.

Commencing in 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. These revenues are then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to two percent; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenue above two percent would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of the project area, therefore, the base year values of project areas have been reduced by the amount of utility value that existed originally in the base year. The Auditor Controller's 2002-03 unitary revenue allocation for Downtown was \$7,392 and for CCRP was \$109,927. The total for the Project Area, then, was \$117,319. The Auditor-Controller estimates the Project Area's unitary revenue for 2003-04 to be \$128,591. For purposes of this projection, we have assumed that this amount of unitary revenue will continue to be allocated to Project Area for the life of the projection. No unitary revenue has been allocated to date and no additional unitary revenue is expected to be allocated for the 86 Annex.

V. Low and Moderate Income Housing Set-Aside

Sections 33334.2 and 33334.3 of the Law require redevelopment agencies to set aside not less than 20 percent of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate income housing fund (the Housing Set-Aside Requirement). Sections 33334.3, 33334.6 and 33334.7 of the Law extend this requirement to redevelopment projects adopted prior to January 1, 1977. A redevelopment agency can reduce the Housing Set-Aside Requirement if the agency annually makes certain findings, consistent with the General Plan Housing Element. These findings are that: (1) no need exists in the community to improve or increase the supply of low and moderate income housing; or, (2) some stated percentage less than 20 percent of the tax increment is sufficient to meet the housing need. In order to make findings (1) or (2), the Commission's finding must be consistent with the Housing Element of the community's General Plan, including its share of the regional housing needs of very low income households and persons and families of low or moderate income. The Commission has not made any such findings in recent years but has made such findings in the past. According to the Commission, all legally required deposits to the Housing Fund have been made and there exists no deficit.

VI. Legislation

SB 211 was signed into law as Chapter 741, Statutes of 2001. This legislation has two main impacts on the limits contained in an agency's redevelopment plan. First, the City may eliminate the time limit to establish indebtedness in project areas adopted prior to January 1, 1994 by ordinance. If the Plan is so amended, existing tax sharing agreements will continue and certain statutory tax sharing for entities without tax sharing agreements will commence in the year the eliminated limit would have taken effect. Second, an agency may extend the time limit for plan effectiveness and repayment of debt for up to ten years if it can make certain specified findings. These changes could potentially impact time limits in the Project Area Redevelopment Plans by eliminating or extending these limits. Project areas that have been adopted after January 1, 1994 may only extend the limitation on incurring new debt by making specific findings.

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At the time that the Commission adopted the Amended and Restated Redevelopment Plan and merged the three component project areas, the limitation on the incurrence of new indebtedness was extended for each of the component project areas. Prior to the merger, Downtown and CCRP had been given January 1, 2004 deadlines for establishment of new indebtedness as provided in Chapter 942 of the Law. The deadline for incurrence of new debt within the 86 Annex was established as May 6, 2005. The Amended and Restated Redevelopment Plan modifies these deadlines to January 1, 2009 for Downtown, January 1, 2014 for CCRP and May 6, 2015 for the 86 Annex. These changes require that statutory tax sharing payments be initiated to all taxing entities that do not already receive tax sharing payments beginning in the 2004-05 fiscal year for Downtown and CCRP. Statutory tax sharing payments will commence in fiscal year 2005-06 for the 86 Annex (see Section VII below)

In order to address State Budget deficits, the Legislature enacted SB 614, SB 844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide Education Revenue Augmentation Fund (the "ERAF"). The Commission could have used any funds legally available and not legally obligated for other uses, including reserve funds, bond proceeds, earned income, and proceeds of land sales, but not moneys in the Low and Moderate Income Housing Fund (the "Housing Fund") to satisfy this obligation. An agency could have reduced its payment due to existing indebtedness, contractual obligations and 90 percent of 1991-92 administrative costs (collectively, Existing Obligations). If an agency could not make the required payment due to Existing Obligations, it could, after making certain findings, borrow up to 50 percent of its 1992-93 ERAF obligation from the Housing Fund and repay the borrowed amount by June 2003, or the agency was required to obtain a loan from the city/county in order to pay the difference between what the agency paid and the total amount due. For agencies that did not borrow to meet any shortfall of the required payment, the county auditor-controller was required to deduct any amount due from the city/county's allocation of property taxes. The obligation applied to the agency and not to specific project areas.

From 1994-95 through 2001-02, State budgets were adopted with no additional shifting of tax increment from redevelopment agencies. The State Budget for 2002-03 required a shift of \$75 million of tax increment statewide from redevelopment agencies to ERAF to meet the State budget shortfall. AB 1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor. Based upon the methodology provided in the 2002-03 Budget, the shift requirement for the Commission was \$214,553 for fiscal year 2002-03 only. This shift of revenue is an obligation of the Commission and not of any particular project area. The Commission was permitted to satisfy this obligation with any legally available funds. The Commission made the required payment to the County by the deadline of May 10, 2003. The State has recently adopted a budget for fiscal year 2003-04 addressing, in part, a significant budget deficit. The Legislature has also adopted legislation requiring that \$135 million be transferred from redevelopment agencies statewide to their county ERAF funds. This transfer of funds is limited to fiscal year 2003-04.

Based on the estimates of the California Department of Finance, the amount of revenue that must be transferred by the Commission to Ventura County for 2003-04 is \$338,119. The Commission

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is required to make this payment to the County by May 10, 2004. As with previous legislation, the Commission can make this payment using any funds available including funds provided by the City. If the Commission does not have sufficient funding to make the payment, they are authorized to borrow up to 50% of the payment amount from its Housing Fund but must repay the loan within 10 years. If the Commission fails to make the full payment by the date specified, the County is authorized to withhold the unpaid amount from the City's tax revenues. The Commission has indicated that it will make the required payment in a timely manner. By virtue of making this payment, Senate Bill 1045 authorizes the Commission to use a simplified methodology to amend the Project Area redevelopment plans to extend by one year the effectiveness of the plan and the time during which the Commission may repay debt with tax increment revenues. This amendment was adopted on February 3, 2004 (see Section II B above). In addition, the amount of this payment and the ERAF payments made in prior years may be deducted from the amount of the Project Areas cumulative tax increment revenues. We have not factored this deduction into the calculation of cumulative tax increment revenue. Because this transfer of funds is a general obligation of the Commission and not a pledge of Tax Revenues, we have not reflected the payment of this amount in the projections.

Based on recent budget proposals by the Governor; the State may ultimately make the ERAF shift of revenues from redevelopment agencies permanent. No written proposal exists at this time, however, and we have not reflected any ERAF requirement beyond 2003-04.

VII. Tax Sharing Agreements and Other Obligations

The Commission has entered into no tax sharing agreements with any taxing entities within the Project Area. As mentioned above, however, by virtue of the Commission's extension of the last date to incur new indebtedness for each of the component project areas, statutory tax sharing payments are initiated in the fiscal year following the original limit on incurrence of new debt. These statutory tax sharing payments begin in 2004-05 for Downtown and CCRP and they begin in fiscal year 2005-06 for the 86 Annex.

The first tier of statutory tax sharing payments uses the assessed value for the fiscal year prior to the initiation of the statutory tax sharing payments as the base year value. This first tier tax-sharing amount is 25 percent of the Commission's gross tax increment revenue as derived from the incremental increase in value net of the Housing Set-Aside Requirement. The City of Oxnard may opt to receive or forego its share of this first tier of tax-sharing payments. If the City chooses not to receive its share, that amount of the tax sharing payment will remain with the Commission. The projection assumes that the City will elect to receive its share of the Tier 1 statutory tax sharing payments.

The second tier of statutory tax sharing payments begins in the eleventh year after the Commission exceeds the original time limit on incurrence of new debt and uses the assessed value of the tenth year as the base value for calculation. This second tier is 21 percent of the tax increment revenue, net of the Housing Set-Aside Requirement, that is derived from the growth in

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assessed value that is in excess of the assessed value of the project area in year ten. The City may not receive any portion of the second tier tax-sharing payments.

The third tier of statutory tax sharing payments begins in the thirty-first year after the Commission exceeds the original time limit on incurrence of new debt and uses the assessed value of the thirtieth year as the base value for calculation. This second tier is 14 percent of the tax increment revenue, net of the Housing Set-Aside Requirement, that is derived from the growth in assessed value that is in excess of the assessed value of the project area in year thirty. The City may not receive any portion of the third tier tax-sharing payments.

Because there are no tax sharing agreements within the Downtown and CCRP Project Areas, all of the taxing entities will receive their full shares of the statutory tax sharing payment amounts from these project areas. If there had been pre-existing tax sharing agreements within these project areas, the involved taxing entities would have continued to receive payments under these agreements and would not have received any portion of the statutory tax sharing payments. The Auditor-Controller's policy as of fiscal year 2002-03 is to calculate the amount of the tax sharing payment that is owed to each taxing entity while leaving it to the Commission to distribute the tax sharing payments.

86 Annex Tax Sharing Payments

The activation of the 86 Annex's ability to receive tax increment revenue triggered a provision for tax sharing payments under Section 33676(a)(2). In addition, because the Commission extended the 86 Annex's limit for incurrence of new indebtedness, as of fiscal year 2005-06, statutory tax sharing payments are to be calculated and distributed as described in the section above.

Based on the Auditor-Controller's interpretation of Section 33676(a)(2), they began to withhold the calculated payment amounts in fiscal year 2002-03, the first year for which the 86 Annex was eligible to receive tax increment revenue. These payments are being calculated using the assessed values for 1999-00 as the base year value. These payments are only being made for those taxing entities that adopted resolutions opting to receive such payments. The City of Oxnard and all other taxing entities except the Metropolitan Water District (MWD) have adopted such resolutions and all except the City and MWD are currently receiving tax sharing allocations from the Auditor-Controller. The Auditor-Controller has indicated that the City had failed to provide them with an appropriate election to receive its share of the statutory tax sharing payments and so we are not projecting the City's share of this payment being allocated to the City.

The Commission has notified the Auditor-Controller that in its opinion, the Auditor-Controller has misinterpreted the statute and is miscalculating incremental revenue as well as miscalculating the tax sharing payments. By the Commission's interpretation of the statute, the calculation of the tax sharing payments to those taxing entities that opted to receive tax sharing payment should be made using the incremental difference in value between the original 1984-85

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base year values and the 1999-00 assessed value. The allocations to the taxing entities will continue to be the amounts they would have received from this incremental amount and will not increase. It is the Commission's interpretation of the Law that it is entitled to receive in each successive fiscal year the revenue derived from the incremental value above the assessed values of the 1999-00 fiscal year. The Commission does not believe that the Law contemplates the use of the three tiered statutory tax sharing payment methodology at all.

It is HdL Coren & Cone's opinion that the Commission's interpretation of the statute is correct, however, the projection uses the Auditor-Controller's methodology in the interest of accurately reflecting the amount of Tax Revenue that will be allocated by the Auditor-Controller and available for payment of debt service on the Bonds.

E. Court Decisions

Santa Ana Decision

The State Court of Appeals recently upheld a Superior Court decision which held the Santa Ana School District had the right to receive payments from the Orange County Redevelopment Commission pursuant to a resolution adopted by the School District in 1999 under former Section 33676(a) of the Law (Santa Ana Unified School District v. Orange County Redevelopment Commission; App. 4 Dist. 2001 108 Cal. Rptr.2d 770, 90 Cal. App 4th 404, review denied). Former Section 33676(a)(2) provided that, unless a negotiated tax sharing agreement had been entered into, upon passage of a resolution prior to adoption of a redevelopment plan, affected taxing agencies and every school and community college district could elect to be allocated increases in the assessed value of taxable property in the project area based on inflation growth (the "2% Property Tax Increase"). Former Section 33676(a)(2) was repealed as part of major revisions made to the Law pursuant to the Reform Act of 1993 (AB 1290). The changes to the Law contained in AB1290 were effective as of January 1, 1994.

The Court of Appeals affirmed the lower court ruling that due to an amendment to former Section 33676(a) that was adopted in 1984 and became effective on January 1, 1985, school and community college districts may receive the 2% Property Tax Increase by adopting the appropriate resolution at any time. The Ventura County Auditor-Controller has interpreted this ruling to mean that school and community college district that have not entered into tax sharing agreements will automatically receive their 2% Property Tax Increase.

Both Downtown and CCRP were adopted prior to the advent of this section of the Law and so are not affected by this decision. The 86 Annex was adopted during the time when this section of the Law was in effect but the project area was not receiving any tax increment revenue. At the time that the 86 Annex began to receive tax increment revenue in 2002-03, all affected school districts were receiving tax sharing payments as discussed above. For this reason, the affected school districts are not eligible to receive additional tax sharing payments as a result of this ruling.

Seal Beach Decision

In a Minute Order issued on November 2, 2001 in County of Orange v. Orange County Assessment Appeals Board No. 3, case no. 00CC03385, the Orange County Superior Court held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the two percent inflation adjustment provision of Article XIII A, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in all California counties, including Ventura County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On December 12, 2002, the Orange County Superior Court ruled to restate the complaint as a class action, which could have the effect of extending this ruling to other similar cases. During 2002 two similar cases relating to properties in San Diego and Los Angeles County were heard and ruled differently on the issue of the Assessor being able to recapture value at greater than 2% per year.

The Superior Court ruling was appealed by the Orange County Assessor and oral arguments before Division 3 of the 4th District Court of Appeals in Santa Ana were heard on January 7, 2004. On March 26, 2004 the Court of Appeals overturned the Superior Court ruling and determined that the methodology used by the Orange County Assessor was constitutional. The plaintiff has indicated a desire to appeal the ruling to the Supreme Court but no appeal has been filed at this time.

VIII. New Development

New value will be added to the Original Area for fiscal year 2004-05 as the result of 34 transfers of ownership that have occurred after the lien date for the 2003-04 tax roll. The combined value of these transfers of ownership is \$3,483,360 more than the 2003-04 tax roll values for these 34 parcels. No new value is projected to be forthcoming from transfers of ownership within the 86 Annex.

Within the Downtown project area, the Commission has entered into a Disposition and Development Agreement with Strand Cinemas, LLC and San Carlos Cinemas Inc. (together referred to herein as the "Developer") for development of a movie theater containing not less than 12 auditoriums and consisting of between 40,000 and 43,000 square feet of ground floor area and between 16,000 and 20,000 square feet of leasable retail space for restaurant and retail uses. The site to be developed is owned by the Commission and will be sold to the Developer for a fixed price of \$800,000. The development of the theater and retail project is committed to by the agreement. We have projected a total value of \$11,000,000 being added to the tax rolls in fiscal years 2005-06 and 2006-07 as the result of the land sale and construction of the development. Pursuant to a Guaranty of Lease Agreement entered into by the Commission, in the event that revenues resulting from the development are insufficient to allow the operator to make full and complete payments to the lender, the Commission could be responsible for payments of up to \$1,335,600 annually plus an approximate additional \$300,000 for property taxes and other costs.

In the event that these payments must at some level be made by the Commission it is the opinion of Special Council to the Commission that the pledge of Tax Revenue to the payment of debt service on the bonds will be a superior obligation to the payment of any obligations under the terms of the Guaranty of Lease Agreement.

IX. Trended Taxable Value Growth

Growth in real property land and improvement values have been limited to an assumed rate of growth of real property taxable values of 1.867% in Fiscal Year 2004-05 and two percent annually thereafter, as allowed under Article XIII A of the State Constitution. A two percent growth rate has been assumed because it is the maximum inflationary growth rate permitted by law and this rate of growth has been realized in all but five years since 1981. The years in which less than two percent growth was realized were 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%) and 2004-05. Should the growth of taxable value in the project areas be less than two percent in future years, the resultant Tax Increment Revenues would be reduced.

HdL Coren & Cone make no representation that taxable values will actually grow at two percent. Future values will also be affected by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than two percent when real estate values increase more than two percent (see Section IV.F above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this report might also impact property taxes and Tax Increment Revenue. HdL Coren & Cone makes no representation that taxable values will actually grow at the rate projected. Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the Ventura County Assessor and Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the individual appraiser's judgment. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

**Oxnard Community Development Commission
Merged Project Area (Downtown Renewal, CCRP, CCRP Annex)**

Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

Table 1

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Taxable Values (1)											
Real Property (2)	349,652	359,664	370,267	385,262	392,968	400,827	408,844	417,020	425,361	433,868	442,545
Personal Property (3)	60,853	60,853	60,853	60,853	60,853	60,853	60,853	60,853	60,853	60,853	60,853
Total Projected Value	410,505	420,517	431,120	446,115	453,821	461,680	469,696	477,873	486,214	494,721	503,398
Taxable Value over Base (4)	118,871	301,645	312,248	327,244	334,949	342,808	350,825	359,002	367,342	375,849	384,527
Gross Tax Increment Revenue (5)	3,297	3,400	3,505	3,657	3,728	3,799	3,871	3,944	4,019	4,094	4,170
Unitary Tax Revenue (6)	129	129	129	129	129	129	129	129	129	129	129
Gross Revenues	3,425	3,529	3,633	3,786	3,856	3,927	4,000	4,073	4,147	4,222	4,299
LESS:											
SB 2557 Admin. Fee (7)	(47)	(46)	(49)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)
Housing Set Aside Requirement (8)	(685)	(706)	(727)	(757)	(771)	(785)	(800)	(815)	(829)	(844)	(860)
County Collection Fee (9)	(9)	(9)	(9)	(9)	(10)	(10)	(10)	(10)	(10)	(11)	(11)
Statutory Tax Sharing Payments (10)	0	(15)	(33)	(60)	(72)	(85)	(98)	(111)	(124)	(138)	(152)
Tax Sharing Payments (11)	(40)	(45)	(47)	(49)	(52)	(54)	(56)	(59)	(61)	(66)	(71)
Tax Revenues	2,645	2,707	2,768	2,859	2,899	2,940	2,981	3,023	3,065	3,106	3,147

- (1) Taxable values as reported by Ventura County.
- (2) Real property consists of land and improvements. Increased for new development (see Table 5) and for inflation at 1.867% for 2004-05 and at 2% annually thereafter. Values for 2004-05 are increased by \$3,483,360 for 34 transferred parcels.
- (3) Personal property is held constant at 2003-04 level.
- (4) Within the 86 Annex, pursuant to the Auditor-Controller's methodology, the project area assessed value for 1999-00 is used as the base year value for calculation of incremental value. The use of this base year value is disputed by the Commission.
- (5) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project Area tax rate and adjusted for indebtedness approved by voters after 1988. The assumed future tax rates decline to \$1,082,737 per \$100 of taxable value over 10 years.
- (6) Unitary Revenue is held constant at 2003-04 level.
- (7) SB 2557 Administrative cost is estimated at 1.35% of Gross Revenue.
- (8) Housing Set Aside calculated at 20% of Gross Revenue.
- (9) County Collection fee is calculated at 0.25% of Gross Tax Increment Revenue and Unitary Revenue.
- (10) The Downtown and CCRP Project Area's last date to incur new indebtedness was revised as part of the Amended and Restated Redevelopment Plan for the Merged Project Area. This extension from January 1, 2004 to January 1, 2009 and January 1, 2014 respectively has triggered the imposition of statutory tax sharing payments beginning in fiscal year 2004-05. Using the assessed values for 2003-04 as a base year and beginning in 2004-05, Taxing Entities that do not have existing tax sharing agreements receive their shares of 25% of tax increment revenue net of housing set-aside. In addition, beginning in the 11th year after the initiation of statutory tax sharing payments, Taxing Entities receive 21% of tax revenue on incremental value above 10th year value net of housing set aside. Beginning in the 31st year after initiation of statutory tax sharing payments. A third tier of tax sharing payments will not come into effect prior to the expiration of the Project Area's ability to receive tax increment revenue. Within the 86 Annex in accordance with the Auditor-Controller's methodology we have calculated tax increment utilizing a 1999-00 base year and tax sharing in accordance with the provisions of Chapter 942. The Commission is disputing this methodology as not conforming to Section 33676(a)(2) of the California Redevelopment Law (See Section VII of the Report).

Redevelopment Agency of the City of Oxnard
Merged Project Area (Downtown Renewal, CCRP, CCRP Annex)
PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

Table 2

4/5/04

	Taxable Value		Gross Tax Revenue	SB 2557 Admin. Fee	Collection Charge	Housing Set-Aside	Statutory Tax Sharing Payments	Pass-Throughs Payments	Tax Revenues
	Total Taxable Value	Over Base Various							
1 2003-04	410,505	291,634	3,425	(47)	(9)	(685)	0	(40)	2,645
2 2004-05	420,517	301,645	3,529	(48)	(9)	(706)	(15)	(45)	2,707
3 2005-06	431,120	312,248	3,633	(49)	(9)	(727)	(33)	(47)	2,768
4 2006-07	446,115	327,244	3,786	(51)	(9)	(757)	(60)	(49)	2,859
5 2007-08	453,821	334,949	3,856	(52)	(10)	(771)	(72)	(52)	2,899
6 2008-09	461,680	342,808	3,927	(53)	(10)	(785)	(85)	(54)	2,940
7 2009-10	469,696	350,825	4,000	(54)	(10)	(800)	(98)	(56)	2,981
8 2010-11	477,873	359,002	4,073	(55)	(10)	(815)	(111)	(59)	3,023
9 2011-12	486,214	367,342	4,147	(56)	(10)	(829)	(124)	(61)	3,065
10 2012-13	494,721	375,849	4,222	(57)	(11)	(844)	(138)	(66)	3,106
11 2013-14	503,398	384,527	4,299	(58)	(11)	(860)	(152)	(71)	3,147
12 2014-15	512,249	393,378	4,392	(60)	(11)	(878)	(178)	(76)	3,189
13 2015-16	521,277	402,406	4,489	(61)	(11)	(898)	(205)	(81)	3,233
14 2016-17	530,486	411,614	4,589	(62)	(11)	(918)	(232)	(86)	3,279
15 2017-18	539,878	421,007	4,690	(64)	(12)	(938)	(260)	(92)	3,325
16 2018-19	549,459	430,587	4,791	(65)	(12)	(958)	(288)	(98)	3,370
17 2019-20	559,231	440,359	4,701	(64)	(12)	(940)	(317)	(103)	3,265
18 2020-21	525,290	414,211	4,604	(63)	(12)	(921)	(291)	(109)	3,209
19 2021-22	534,599	423,519	4,704	(64)	(12)	(941)	(318)	(115)	3,255
20 2022-23	544,093	433,014	4,807	(65)	(12)	(961)	(345)	(121)	3,302
21 2023-24	553,777	442,698	4,912	(67)	(12)	(982)	(373)	(127)	3,350
22 2024-25	563,655	452,576	5,019	(68)	(13)	(1,004)	(402)	(134)	3,399
23 2025-26	573,731	462,651	5,128	(70)	(13)	(1,026)	(431)	(140)	3,449
			99,723	(1,355)	(249)	(19,945)	(4,526)	(1,883)	71,765

Bond Services/Tax Allocation Bonds/Oxnard 2003/Projection 4

**Redevelopment Agency of the City of Oxnard
Merged Project Area (Downtown Renewal, CCRP, CCRP Annex)**

Table 3
HISTORICAL VALUES (1)

4/5/04

	Base Year	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	Base Year Revised	2002-03	2003-04
Secured (2)										
Land	5,450,680	69,902,590	73,126,169	74,762,181	72,602,308	76,270,470	78,672,080	52,931,415	80,822,851	99,207,358
Improvements	38,790,480	136,343,594	130,249,641	131,438,855	138,807,495	149,050,989	164,497,185	38,790,480	234,358,915	234,006,808
Personal Property	3,138,826	12,616,572	9,468,199	8,254,122	9,932,686	9,827,580	10,247,289	3,252,726	9,156,687	11,330,881
Exemptions	0	(6,396,906)	(6,596,606)	(7,949,466)	(10,443,153)	(11,167,373)	(11,181,680)	0	(8,900,033)	(13,524,778)
Total Secured	47,379,986	212,465,850	206,247,403	206,505,692	210,899,336	223,981,666	242,234,874	94,974,621	315,438,420	331,020,269
Unsecured										
Land	0	0	0	267,099	514,679	561,765	0	0	0	0
Improvements	3,950,364	0	0	21,192,887	22,091,426	20,963,470	21,762,635	9,309,214	26,499,892	29,962,999
Personal Property	4,331,708	0	0	22,717,850	21,804,816	26,566,155	29,961,322	14,587,628	45,143,838	49,529,499
Exemptions	0	0	0	(568,642)	(648,385)	(616,903)	(107,240)	0	(95,850)	(7,500)
Total Unsecured	8,282,072	0	0	43,609,194	43,762,536	47,474,487	51,616,717	23,896,842	71,547,880	79,484,998
GRAND TOTAL	55,662,058	212,465,850	206,247,403	250,114,886	254,661,872	271,456,153	293,851,591	118,871,463	386,986,300	410,505,267
Incremental Value:		156,803,792	150,585,345	194,452,828	198,999,814	215,794,095	238,189,533		268,114,837	291,633,804
Percentage Change:		-3.97%	29.13%	2.34%	8.44%	10.38%				8.77%

(1) Source: County of Ventura.
 (2) Secured values include state assessed non-unitary utility property.
 (3) The assessed value for 1999-00 is used by the Auditor-Controller as the base year for purposes of determining incremental value for the CCRP 86 Annex. This is an incorrect interpretation of the Health and Safety Code according to Bond and Agency Counsel, however, we have utilized this interpretation until such time as the Auditor-Controller corrects their interpretation.

**Oxnard Community Development Commission
Merged Project Area (Downtown Renewal, CCRP, CCRP Annex)
TOP TEN TAXABLE PROPERTY OWNERS**

For Fiscal Year 2003-04

Table 4

4/5/04

	Secured			Unsecured			Total			Use Code
	Value	Parcels	% of Sec. AV	Value	Parcels	% of Unsec. AV	Value	Total Value	% of Total Value	
1. Terminal Freezers Inc. (Central City Redevelopment Project)	\$28,777,608	5	8.69%	\$578,300	1	0.73%	\$29,355,908		7.15%	Industrial
2. Salicoy Lemon Association (Central City Redevelopment Project)	\$12,899,351	1	3.90%	\$0	0	0.00%	\$12,899,351		3.14%	Industrial
3. Harry Ross Industries (Central City Redevelopment Project)	\$12,120,306	5	3.66%	\$0	0	0.00%	\$12,120,306		2.95%	Industrial
4. Essex Portfolio Limited Partnership (Central City Redevelopment Project)	\$8,063,842	1	2.44%	\$0	0	0.00%	\$8,063,842		1.96%	Unsecured
5. Smucker Fruit Processing Company (Central City Redevelopment Project)	\$7,852,604	5	2.37%	\$0	0	0.00%	\$7,852,604		1.91%	Industrial
6. Western Precooling Systems (Central City Redevelopment Project)	\$5,223,264	2	1.58%	\$2,552,100	7	3.21%	\$7,775,364		1.89%	Industrial
7. Accurate Engineering-Fabric (Central City Redevelopment Project)	\$3,208,031	1	0.97%	\$3,854,070	1	4.85%	\$7,062,101		1.72%	Industrial
8. Catalytic Solutions Inc. (Central City RP 1986 Annex)	\$0	0	0.00%	\$6,728,860	4	8.47%	\$6,728,860		1.64%	Unsecured
9. Oxnard Industrial Park II LLC (Central City Redevelopment Project)	\$6,521,644	5	1.97%	\$0	0	0.00%	\$6,521,644		1.59%	Industrial
10. R & P Pacific Development (Central City Redevelopment Project)	\$5,935,223	1	1.79%	\$0	0	0.00%	\$5,935,223		1.45%	Industrial
	\$90,601,873	26	27.37%	\$13,713,330	13	17.25%	\$104,315,203		25.41%	
Project Area Totals:	\$331,020,269			\$79,484,998			\$410,505,267			
Project Area Incremental Value:	\$236,045,648		38.38%	\$55,588,156		24.67%	\$291,633,804		35.77%	

Redevelopment Agency of the City of Oxnard
Merged Project Area (Downtown Renewal, CCRP, CCRP Annex)
 New Development Table
 Table 5

4/5/04

REAL	SqFt/ Units	Value	Total Value	Less Existing (1)	Total Value Added	000's omitted				
						2003-04	2004-05	2005-06	2006-07	2007-08
Downtown Theater Project Land Sale	N/A	L.S.	\$600,000	\$0	\$600	0	0	600	0	0
Downtown Theater Project	40,000	\$253	\$10,120,000	\$0	\$10,120	0	0	2,530	7,590	0
Phase I Retail Space	8,000	\$35	\$280,000	\$0	\$280	0	0	280	0	0
	0	\$0	\$0	\$0	\$0	0	0	0	0	0
	0	\$0	\$0	\$0	\$0	0	0	0	0	0
Transferred Parcels	34	L.S.	\$12,570,009	(\$9,086,649)	\$3,483	0	3,483	0	0	0
Total Real Property			\$23,570,009	(\$9,086,649)	\$14,483	0	3,483	3,410,000	7,590,000	0

Totals:

**Oxnard Community Development Commission
Downtown Redevelopment Project No. 1**

Projection of Incremental Taxable Value & Tax Increment Revenue
(000's Omitted)

Table 1

04/05/04

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Taxable Values (1)											
Real Property (2)	20,090	20,636	24,459	32,538	33,189	33,853	34,530	35,220	35,925	36,643	37,376
Personal Property (3)	975	975	975	975	975	975	975	975	975	975	975
Total Projected Value	21,065	21,611	25,434	33,513	34,164	34,827	35,504	36,195	36,899	37,618	38,351
Taxable Value over Base	7,792	13,819	17,642	25,721	26,372	27,035	27,712	28,403	29,107	29,826	30,559
Gross Tax Increment Revenue (4)	156	161	203	292	298	304	310	316	322	328	335
Unitary Tax Revenue (5)	10	10	10	10	10	10	10	10	10	10	10
Gross Revenues	166	171	213	302	308	314	320	326	332	338	345
LESS:											
SB 2557 Admin. Fee (6)	(2)	(2)	(3)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)
Housing Set Aside Requirement (7)	(33)	(34)	(43)	(60)	(62)	(63)	(64)	(65)	(66)	(68)	(69)
County Collection Charge (8)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Statutory Tax Sharing Payments (9)	0	(1)	(9)	(25)	(26)	(28)	(29)	(30)	(32)	(33)	(35)
Tax Revenues	130	133	158	212	215	218	222	225	229	232	235

(1) Taxable values as reported by Ventura County.

(2) Real property consists of land and improvements. Increased for new development (see Table 5) and for inflation at 1.867% for 2004-05 and at 2% annually thereafter. Values for 2004-05 are increased by \$171,059 for 3 transferred parcels.

(3) Personal property is held constant at 2003-04 level.

(4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters after 1988. The assumed future tax rates decline to \$1.082737 per \$100 of taxable value over 10 years.

(5) Unitary Revenue is held constant at 2003-04 level.

(6) SB 2557 Administrative cost is estimated at 1.36% of Gross Revenue.

(7) Housing Set Aside calculated at 20% of Gross Revenue.

(8) County Collection fee is calculated at 0.25% of Gross Tax Increment Revenue and Unitary Revenue.

(9) The Project Area's last date to incur new indebtedness was revised as part of the Amended and Restated Redevelopment Plan for the Merged Project Area. This extension from January 1, 2004 to January 1, 2009 has triggered the imposition of statutory tax sharing payments beginning in fiscal year 2004-05. Using the assessed values for 2003-04 as a base year and beginning in 2004-05, Taxing Entities that do not have existing tax sharing agreements receive their shares of 25% of tax increment revenue net of housing set-aside.

In addition, beginning in the 11th year after the initiation of statutory tax sharing payments, Taxing Entities receive 21% of tax revenue on incremental value above 10th year value net of housing set aside. Beginning in the 31st year after initiation of statutory tax sharing payments A third tier of tax sharing payments will not come into effect prior to the expiration of the Project Area's ability to receive tax increment revenue.

**Oxnard Community Development Commission
Downtown Redevelopment Project No. 1
PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE
(000s Omitted)
Table 2**

	Total Taxable Value	Taxable Value		Gross Revenue	SB 2557 Admin. Fee	Collection Charge	Housing Set-Aside	Statutory Tax Sharing Payments	Tax Revenues
		Over Base	7,792						
1 2003-04	21,065	13,273		166	(2)	(0)	(33)	0	130
2 2004-05	21,611	13,819		171	(2)	(0)	(34)	(1)	133
3 2005-06	25,434	17,642		213	(3)	(1)	(43)	(9)	158
4 2006-07	33,513	25,721		302	(4)	(1)	(60)	(25)	212
5 2007-08	34,164	26,372		308	(4)	(1)	(62)	(26)	215
6 2008-09	34,827	27,035		314	(4)	(1)	(63)	(28)	218
7 2009-10	35,504	27,712		320	(4)	(1)	(64)	(29)	222
8 2010-11	36,195	28,403		326	(4)	(1)	(65)	(30)	225
9 2011-12	36,899	29,107		332	(5)	(1)	(66)	(32)	229
10 2012-13	37,618	29,826		338	(5)	(1)	(68)	(33)	232
11 2013-14	38,351	30,559		345	(5)	(1)	(69)	(35)	235
12 2014-15	39,098	31,306		352	(5)	(1)	(70)	(37)	239
13 2015-16	39,861	32,069		360	(5)	(1)	(72)	(40)	242
14 2016-17	40,639	32,846		369	(5)	(1)	(74)	(43)	246
15 2017-18	41,432	33,640		377	(5)	(1)	(75)	(46)	250
16 2018-19	42,241	34,449		383	(5)	(1)	(77)	(49)	251
17 2019-20	43,066	35,274		196	(3)	(0)	(39)	(52)	102
				5,170	(70)	(13)	(1,034)	(514)	3,538

**Oxnard Community Development Commission
Downtown Redevelopment Project No. 1**

HISTORICAL VALUES (1)

Table 3

04/05/04

	Base Year 1968-69	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
<i>Secured (2)</i>									
Land	5,450,680	4,674,521	4,416,150	4,471,355	4,363,705	4,284,110	4,668,886	4,829,165	5,103,193
Improvements	0	13,300,860	12,532,146	10,976,150	11,293,473	11,848,646	13,004,822	14,316,121	15,161,155
Personal Property	153,320	108,200	30,600	30,900	42,800	51,200	58,390	48,540	73,520
Exemptions	0	(802,909)	(818,966)	(835,345)	(850,822)	(867,838)	(885,194)	(902,897)	(936,354)
Total Secured	5,604,000	17,280,672	16,159,930	14,643,060	14,849,156	15,316,118	16,846,904	18,290,929	19,401,514
<i>Unsecured</i>									
Land	0	0	0	47,561	75,695	98,840	0	0	0
Improvements	189,988	0	0	665,270	698,298	1,009,508	916,610	951,920	762,160
Personal Property	1,998,116	0	0	1,131,717	1,291,040	1,044,090	1,592,020	2,107,430	908,620
Exemptions	0	0	0	(8,900)	(14,280)	(30,500)	(38,880)	(12,150)	(7,500)
Total Unsecured	2,188,104	0	0	1,835,648	2,050,753	2,121,938	2,469,750	3,047,200	1,663,280
GRAND TOTAL	7,792,104	17,280,672	16,159,930	16,478,708	16,899,909	17,438,056	19,316,654	21,338,129	21,064,794
Incremental Value		9,488,568	8,367,826	8,686,604	9,107,805	9,645,952	11,524,550	13,546,025	13,272,690
Percentage Change			-11.81%	3.81%	4.85%	5.91%	19.48%	17.54%	-2.02%

(1) Source: Ventura County

(2) Secured values include state assessed non-unitary utility property.

**Oxnard Community Development Commission
Downtown Redevelopment Project No. 1
TOP TEN TAXABLE PROPERTY OWNERS
For Fiscal Year 2003-04
Table 4**

	Secured			Unsecured			Total		
	Value	Parcels	% of Sec. AV	Value	Parcels	% of Unsec. AV	Value	% of total Value	Use Code
1. Home Savings of America	\$1,699,417	1	8.76%	\$0	0	0.00%	\$1,699,417	8.07%	Commercial
2. Jorge and Maria Escalera	\$1,396,079	2	7.20%	\$0	0	0.00%	\$1,396,079	6.63%	Commercial
3. David J. Augustine	\$1,092,420	1	5.63%	\$0	0	0.00%	\$1,092,420	5.19%	Commercial
4. Folcke Properties	\$943,500	1	4.86%	\$0	0	0.00%	\$943,500	4.48%	Commercial
5. Subon Limited Partnership	\$813,263	2	4.19%	\$0	0	0.00%	\$813,263	3.86%	Commercial
6. Gold Coast Radio LLC	\$652,800	1	3.36%	\$82,000	0	4.93%	\$734,800	3.49%	Commercial
7. Daniel L. Mansir	\$698,603	1	3.60%	\$0	1	0.00%	\$698,603	3.32%	Commercial
8. Richard and Celeste Scheinberg	\$688,500	1	3.55%	\$0	0	0.00%	\$688,500	3.27%	Commercial
9. Elio and Lupe Espino	\$667,998	2	3.44%	\$0	0	0.00%	\$667,998	3.17%	Commercial
10. California Rural Legal Assistance Inc.	<u>\$663,000</u>	<u>1</u>	<u>3.42%</u>	<u>\$0</u>	<u>0</u>	<u>0.00%</u>	<u>\$663,000</u>	<u>3.15%</u>	Commercial
	\$9,315,580	13	48.01%	\$82,000	1	4.93%	\$9,397,580	44.61%	
Project Area Totals:	\$19,401,514			\$1,663,280			\$21,064,794		
Project Area Incremental Value:	\$13,797,514		67.52%	(\$524,824)		0.00%	\$13,272,690	70.80%	

**Oxnard Community Development Commission
Downtown Redevelopment Project No. 1
New Development Table
Table 5**

04/05/04

REAL	SqFt/ Units	Value	Total Value	Less Existing (1)	Total Value Added	[000's omitted]						
						2003-04	2004-05	2005-06	2006-07	2007-08	Start	Complete
Downtown Theater Project Land Sale	N/A	L.S.	\$600,000	\$0	\$600	0	0	600	0	0		
Downtown Theater Project	40,000	\$253	\$10,120,000	\$0	\$10,120	0	0	2,530	7,590	0		
Phase I Retail Space	8,000	\$35	\$280,000	\$0	\$280	0	0	280	0	0		
	0	\$0	\$0	\$0	\$0	0	0	0	0	0		
	0	\$0	\$0	\$0	\$0	0	0	0	0	0		
Transferred Parcels	3	L.S.	\$1,066,000	(\$894,941)	\$171	0	171	0	0	0		
Total Real Property			\$12,066,000	(\$894,941)	\$11,171	0	171	3,410,000	7,590,000	0		

**Oxnard Community Development Commission
Central City Revitalization Project**

Projection of Incremental Taxable Value & Tax Increment Revenue
(000's Omitted)

Table 1

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Taxable Values (1)	254,152	261,001	266,313	271,732	277,258	282,896	288,646	294,511	300,493	306,595	312,819
Real Property (2)	258,759	265,608	270,920	276,338	281,865	287,502	293,252	299,117	305,100	311,202	317,426
Personal Property (3)	43,264	43,264	43,264	43,264	43,264	43,264	43,264	43,264	43,264	43,264	43,264
Total Projected Value	302,022	308,871	314,183	319,602	325,128	330,766	336,516	342,381	348,363	354,465	360,689
Taxable Value over Base	47,870	261,001	266,313	271,732	277,258	282,896	288,646	294,511	300,493	306,595	312,819
Gross Tax Increment Revenue (4)	2,868	2,937	2,985	3,033	3,082	3,131	3,181	3,232	3,284	3,336	3,390
Unitary Tax Revenue (5)	119	119	119	119	119	119	119	119	119	119	119
Gross Revenues	2,987	3,056	3,103	3,152	3,200	3,250	3,300	3,351	3,403	3,455	3,508
LESS:											
SB 2557 Admin. Fee (6)	(41)	(42)	(42)	(43)	(44)	(44)	(45)	(46)	(46)	(47)	(48)
Housing Set Aside Requirement (7)	(597)	(611)	(621)	(630)	(640)	(650)	(660)	(670)	(681)	(691)	(702)
County Collection Fee (8)	(7)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(9)	(9)	(9)
Statutory Tax Sharing Payments (9)	0	(14)	(24)	(35)	(46)	(57)	(69)	(81)	(93)	(105)	(117)
Tax Revenues	2,341	2,382	2,408	2,435	2,463	2,490	2,518	2,546	2,575	2,604	2,633

(1) Taxable values as reported by Ventura County.

(2) Real property consists of land and improvements. Increased for inflation at 1.867% for 2004-05 and at 2% annually thereafter.

(3) Values for 2004-05 are increased by \$2,017,783 for 26 transferred parcels.

(4) Personal property is held constant at 2003-04 level.

(5) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters after 1988. The assumed future tax rates decline to \$1,082,737 per \$100 of taxable value over 10 years.

(6) Unitary Revenue is held constant at 2003-04 level.

(7) SB 2557 Administrative cost is estimated at 1.36% of Gross Revenue.

(8) Housing Set Aside calculated at 20% of Gross Revenue.

(9) County Collection fee is calculated at 0.25% of Gross Tax Increment Revenue and Unitary Revenue.

Merged Project Area. This extension from January 1, 2004 to January 1, 2009 has triggered the imposition of statutory tax sharing payments beginning in fiscal year 2004-05. Using the assessed values for 2003-04 as a base year and beginning in 2004-05, Taxing Entities that do not have existing tax sharing agreements receive their shares of 25% of tax increment revenue net of housing set-aside. In addition, beginning in the 11th year after the initiation of statutory tax sharing payments, Taxing Entities receive 21% of tax revenue on incremental value above 10th year value net of housing set aside. Beginning in the 31st year after initiation of statutory tax sharing payments A third tier of tax sharing payments will not come into effect prior to the expiration of the Project Area's ability to receive tax increment revenue.

Oxnard Community Development Commission

Central City Revitalization Project

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

Table 2

4/5/2004

	Total Taxable Value	Taxable Value Over Base	Gross Revenue	SB 2557 Admin. Fee	Collection Charge	Housing Set-Aside	Statutory Tax Sharing Payments	Tax Revenues
1 2003-04	302,022	47,870	2,987	(41)	(7)	(597)	0	2,341
2 2004-05	308,871	254,152	3,056	(42)	(8)	(611)	(14)	2,382
3 2005-06	314,183	261,001	3,103	(42)	(8)	(621)	(24)	2,408
4 2006-07	319,602	266,313	3,152	(43)	(8)	(630)	(35)	2,435
5 2007-08	325,128	271,732	3,200	(44)	(8)	(640)	(46)	2,463
6 2008-09	330,766	277,258	3,250	(44)	(8)	(650)	(57)	2,490
7 2009-10	336,516	282,896	3,300	(45)	(8)	(660)	(69)	2,518
8 2010-11	342,381	288,646	3,351	(46)	(8)	(670)	(81)	2,546
9 2011-12	348,363	294,511	3,403	(46)	(9)	(681)	(93)	2,575
10 2012-13	354,465	300,493	3,455	(47)	(9)	(691)	(105)	2,604
11 2013-14	360,689	306,595	3,508	(48)	(9)	(702)	(117)	2,633
12 2014-15	367,038	312,819	3,575	(49)	(9)	(715)	(141)	2,661
13 2015-16	373,513	319,168	3,645	(50)	(9)	(729)	(165)	2,693
14 2016-17	380,118	325,643	3,716	(51)	(9)	(743)	(189)	2,724
15 2017-18	386,855	332,248	3,789	(52)	(9)	(758)	(214)	2,757
16 2018-19	393,727	338,985	3,864	(53)	(10)	(773)	(239)	2,790
17 2019-20	400,736	345,857	3,939	(54)	(10)	(788)	(265)	2,823
18 2020-21	407,886	352,866	4,017	(55)	(10)	(803)	(291)	2,858
19 2021-22	415,178	360,016	4,096	(56)	(10)	(819)	(318)	2,893
20 2022-23	422,617	367,308	4,176	(57)	(10)	(835)	(345)	2,929
21 2023-24	430,204	374,747	4,258	(58)	(11)	(852)	(373)	2,965
22 2024-25	437,942	382,334	4,342	(59)	(11)	(868)	(402)	3,002
23 2025-26	445,836	390,072	4,428	(60)	(11)	(886)	(431)	3,040
		397,966						
			83,610	(1,137)	(209)	(16,722)	(4,012)	61,529

**Oxnard Community Development Commission
Central City Revitalization Project**

HISTORICAL VALUES (1)

Table 3

4/5/2004

	Base Year 1975-76	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
<i>Secured (1)</i>									
Land	0	65,228,069	68,710,019	70,290,826	68,238,603	71,986,360	74,003,194	75,993,686	77,838,482
Improvements	38,790,480	123,042,734	117,717,495	120,462,705	127,514,022	137,202,343	151,492,363	158,364,620	167,994,016
Personal Property	2,985,506	12,508,372	9,437,599	8,223,222	9,889,886	9,776,380	10,188,899	8,992,357	11,142,561
Exemptions	0	(5,593,997)	(5,777,640)	(7,114,121)	(9,592,331)	(10,299,535)	(10,296,486)	(7,997,136)	(10,662,339)
Total Secured	41,775,986	195,185,178	190,087,473	191,862,632	196,050,180	208,665,548	225,387,970	235,353,527	246,312,720
<i>Unsecured</i>									
Land	0	0	0	219,538	438,984	462,925	0	0	0
Improvements	3,760,376	0	0	20,527,617	21,393,128	19,953,962	20,846,025	21,644,562	23,588,609
Personal Property	2,333,592	0	0	21,586,133	20,513,776	25,522,065	28,369,302	32,563,248	32,120,959
Exemptions	0	0	0	(559,742)	(634,105)	(586,403)	(68,360)	(83,700)	0
Total Unsecured	6,093,968	0	0	41,773,546	41,711,783	45,352,549	49,146,967	54,124,110	55,709,568
GRAND TOTAL	47,869,954	195,185,178	190,087,473	233,636,178	237,761,963	254,018,097	274,534,937	289,477,637	302,022,288
Incremental Value		147,315,224	142,217,519	185,766,224	189,892,009	206,148,143	226,664,983	241,607,683	254,152,334
Percentage Change			-3.46%	30.62%	2.22%	8.56%	9.95%	6.59%	5.19%

(1) Source: Ventura County
(2) Secured values include state assessed non-unitary utility property.

**Oxnard Community Development Commission
Central City Revitalization Project**

TOP TEN TAXABLE PROPERTY OWNERS
For Fiscal Year 2003-04

Table 4

	Secured			Unsecured			Total			Use Code
	Value	Parcels	% of Sec. AV	Value	Parcels	% of Unsec. AV	Value	Total Value	% of Total Value	
1. Terminal Freezers Inc.	\$28,777,608	5	11.68%	\$578,300	1	1.04%	\$29,355,908	9.72%	Industrial	
2. Saticoy Lemon Association	\$12,899,351	1	5.24%	\$0	0	0.00%	\$12,899,351	4.27%	Industrial	
3. Harry Ross Industries	\$12,120,306	5	4.92%	\$0	0	0.00%	\$12,120,306	4.01%	Industrial	
4. Essex Portfolio Limited Partnership	\$8,063,842	1	3.27%	\$0	0	0.00%	\$8,063,842	2.67%	Residential	
5. Smucker Fruit Processing Company	\$7,852,604	5	3.19%	\$0	0	0.00%	\$7,852,604	2.60%	Industrial	
6. Western Precooling Systems	\$5,223,264	2	2.12%	\$2,552,100	7	4.58%	\$7,775,364	2.57%	Industrial	
7. Accurate Engineering-Fabric	\$3,208,031	1	1.30%	\$3,854,070	1	6.92%	\$7,062,101	2.34%	Industrial/Unsecured	
8. Oxnard Industrial Park II LLC	\$6,521,644	5	2.65%	\$0	0	0.00%	\$6,521,644	2.16%	Industrial	
9. R & P Pacific Development	\$5,935,223	1	2.41%	\$0	0	0.00%	\$5,935,223	1.97%	Industrial	
10. 580 Third LLC	<u>\$5,402,171</u>	<u>7</u>	<u>2.19%</u>	<u>\$0</u>	<u>0</u>	<u>0.00%</u>	<u>\$5,402,171</u>	<u>1.79%</u>	Industrial	
	\$96,004,044	33	38.98%	\$6,984,470	9	12.54%	\$102,988,514	34.10%		
				\$55,709,568			\$302,022,288			
				\$49,615,600		14.08%	\$254,152,334	40.52%		

Project Area Totals: \$246,312,720

Project Area Incremental Value: \$204,536,734

Oxnard Community Development Commission Central City Revitalization Project - 1986 Annex

04/05/04

Projection of Incremental Taxable Value & Tax Increment Revenue (000's Omitted)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Taxable Values (1)											
Real Property (2)	70,803	73,420	74,888	76,386	77,914	79,472	81,061	82,683	84,336	86,023	87,744
Personal Property (3)	16,615	16,615	16,615	16,615	16,615	16,615	16,615	16,615	16,615	16,615	16,615
Total Projected Value	87,418	90,035	91,503	93,001	94,528	96,087	97,676	99,297	100,951	102,638	104,358
Taxable Value over Base (4)	63,209	26,825	28,294	29,791	31,319	32,877	34,467	36,088	37,742	39,428	41,149
Gross Tax Increment Revenue (5)	273	302	317	333	348	364	380	396	412	429	446
Unitary Tax Revenue (6)	0	0	0	0	0	0	0	0	0	0	0
Gross Revenues	273	302	317	333	348	364	380	396	413	429	446
LESS:											
SB 2557 Admin. Fee (7)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(6)	(6)	(6)
Housing Set Aside Requirement (8)	(55)	(60)	(63)	(67)	(70)	(73)	(76)	(79)	(83)	(86)	(89)
County Collection Fee (9)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Tax Sharing Payments (10)	(40)	(45)	(47)	(49)	(52)	(54)	(56)	(59)	(61)	(66)	(71)
Tax Revenues	174	192	202	211	221	231	242	252	262	271	279

(1) Taxable values as reported by Ventura County.

(2) Real property consists of land and improvements. Increased for inflation at 1.867% for 2004-05 and at 2% annually thereafter.

(3) Values for 2004-05 are increased by \$1,294,518 for 5 transferred parcels.

(4) Personal property is held constant at 2003-04 level.

(5) Pursuant to the Auditor-Controller's methodology, the project area assessed value for 1999-00 is used as the base year value for calculation of incremental value. The use of this base year value is disputed by the Commission.

(6) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project Area tax rate and adjusted for indebtedness approved by voters after 1988. The assumed future tax rates decline to \$1.082737 per \$100 of taxable value over 10 years.

(7) Unitary Revenue is held constant at 2003-04 level.

(8) SB 2557 Administrative cost is estimated at 1.35% of Gross Revenue.

(9) Housing Set Aside calculated at 20% of Gross Revenue.

(10) County Collection fee is calculated at 0.25% of Gross Tax Increment Revenue and Unitary Revenue.

In accordance with the Auditor-Controller's methodology we have calculated tax increment utilizing a 1999-00 base year and tax sharing in accordance with the provisions of Chapter 942. The Commission is disputing this methodology as not conforming to Section 33676(a)(2) of the California Redevelopment Law (See Section VII of the Report).

**Oxnard Community Development Commission
Central City Revitalization Project - 1986 Annex**
PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE
(000s Omitted)

04/05/04

Table 2

	Total Taxable Value	Taxable Value Over Base	Gross Tax Revenue	SB 2557 Admin. Fee	Collection Charge	Housing Set-Aside	Pass-Throughs Payments	Tax Revenues
1 2003-04	87,418	63,209	273	(4)	(1)	(55)	(40)	174
2 2004-05	90,035	26,825	302	(4)	(1)	(60)	(45)	192
3 2005-06	91,503	28,294	317	(4)	(1)	(63)	(47)	202
4 2006-07	93,001	29,791	333	(4)	(1)	(67)	(49)	211
5 2007-08	94,528	31,319	348	(5)	(1)	(70)	(52)	221
6 2008-09	96,087	32,877	364	(5)	(1)	(73)	(54)	231
7 2009-10	97,676	34,467	380	(5)	(1)	(76)	(56)	242
8 2010-11	99,297	36,088	396	(5)	(1)	(79)	(59)	252
9 2011-12	100,951	37,742	413	(6)	(1)	(83)	(61)	262
10 2012-13	102,638	39,428	429	(6)	(1)	(86)	(66)	271
11 2013-14	104,358	41,149	446	(6)	(1)	(89)	(71)	279
12 2014-15	106,113	42,904	465	(6)	(1)	(93)	(76)	288
13 2015-16	107,903	44,694	484	(7)	(1)	(97)	(81)	298
14 2016-17	109,729	46,519	504	(7)	(1)	(101)	(86)	308
15 2017-18	111,591	48,382	524	(7)	(1)	(105)	(92)	319
16 2018-19	113,491	50,281	544	(7)	(1)	(109)	(98)	329
17 2019-20	115,428	52,219	565	(8)	(1)	(113)	(103)	340
18 2020-21	117,404	54,195	587	(8)	(1)	(117)	(109)	351
19 2021-22	119,420	56,211	609	(8)	(2)	(122)	(115)	362
20 2022-23	121,476	58,267	631	(9)	(2)	(126)	(121)	373
21 2023-24	123,574	60,364	654	(9)	(2)	(131)	(127)	385
22 2024-25	125,713	62,503	677	(9)	(2)	(135)	(134)	397
23 2025-26	127,895	64,685	700	(9)	(2)	(140)	(140)	409
			10,944	(148)	(27)	(2,189)	(1,883)	6,697

**Oxnard Community Development Commission
Central City Revitalization Project - 1986 Annex**

**HISTORICAL VALUES (1)
Table 3**

Project Area Ineligible to Receive Tax Increment Until 2002-03

	Project Area Ineligible to Receive Tax Increment Until 2002-03										
	Base Year 1984-85	1985-86	1986-87	1987-88	1988-89	1989-90 (3)	2000-01	2001-02	2002-03	2003-04	
Secured (2)											
Land	2,984,751	19,028,179	18,643,397	16,422,603	15,283,034	47,480,735	15,143,422	15,272,543	0	16,265,683	
Impts	0	30,886,781	29,194,685	29,303,613	33,145,343	0	38,809,799	40,398,409	61,678,174	50,851,637	
Pers Prop	0	2,331,500	2,323,500	2,474,500	2,662,800	113,900	125,030	111,400	115,790	114,800	
Exemptions	0	(1,770,378)	(1,729,802)	(1,754,751)	(1,758,973)	0	(1,821,146)	(1,850,002)	0	(1,926,085)	
Total Secured	2,984,751	50,476,082	48,431,780	46,445,965	49,332,204	47,594,635	52,257,105	53,932,350	61,793,964	65,306,035	
Unsecured											
Land	0	0	0	0	0	0	0	0	0	0	
Impts	0	0	0	4,171,840	4,171,840	5,358,850	4,767,300	4,406,320	3,903,410	5,612,230	
Pers Prop	2,800	0	0	0	9,151,730	10,255,920	9,791,810	11,763,880	10,473,160	16,499,920	
Exemptions	0	0	0	(25,700)	(25,700)	0	(20,600)	0	0	0	
Total Unsecured	2,800	0	0	13,297,870	13,297,870	15,614,770	14,538,510	16,170,200	14,376,570	22,112,150	
GRAND TOTAL	2,987,551	50,476,082	48,431,780	46,445,965	62,630,074	63,209,405	66,795,615	70,102,550	76,170,534	87,418,185	
Incremental Value									12,961,129	24,208,780	
Percentage Change										86.78%	

(1) Source: County of Ventura.
 (2) Secured values include state assessed non-unitary utility property.
 (3) The assessed value for 1999-00 is used by the Auditor-Controller as the base year for purposes of determining incremental value. This is an incorrect interpretation of the Health and Safety Code according to Bond and Agency Counsel, however, we have utilized this interpretation until such time as the Auditor-Controller corrects their interpretation.

**Oxnard Community Development Commission
Central City Revitalization Project - 1986 Annex**

TOP TEN TAXABLE PROPERTY OWNERS

For Fiscal Year 2003-04

Table 4

04/05/04

	Secured			Unsecured			Total			Use Code
	Value	Parcels	% of Sec. AV	Value	Parcels	% of Unsec. AV	Value	Total Value	% of Total Value	
1. Catalytic Solutions Inc.	\$0	0	0.00%	\$6,728,860	4	30.43%	\$6,728,860	\$6,728,860	7.70%	Unsecured
2. Fulton Properties Limited	\$4,935,173	2	7.56%	\$0	0	0.00%	\$0	\$4,935,173	5.65%	Industrial
3. Ted R. Cooper Properties	\$3,594,796	3	5.50%	\$0	0	0.00%	\$0	\$3,594,796	4.11%	Industrial
4. Belding Golf Bag Company Inc.	\$0	0	0.00%	\$3,192,420	1	14.44%	\$3,192,420	\$3,192,420	3.65%	Unsecured
5. Team Property Management	\$3,268,388	1	5.00%	\$0	0	0.00%	\$0	\$3,268,388	3.74%	Industrial
6. Aubrey Family Limited Partnership	\$3,179,199	2	4.87%	\$0	0	0.00%	\$0	\$3,179,199	3.64%	Industrial
7. Beacon Place Investment	\$3,088,407	3	4.73%	\$0	0	0.00%	\$0	\$3,088,407	3.53%	Industrial
8. The Spatz Corporation	\$0	0	0.00%	\$2,932,300	1	13.26%	\$2,932,300	\$2,932,300	3.35%	Unsecured
9. Channel Islands Gateway Limited	\$2,818,383	4	4.32%	\$0	0	0.00%	\$0	\$2,818,383	3.22%	Industrial
10. Jean Cahn Trust et. Al.	<u>\$2,596,187</u>	<u>2</u>	<u>3.98%</u>	<u>\$0</u>	<u>0</u>	<u>0.00%</u>	<u>\$0</u>	<u>\$2,596,187</u>	<u>2.97%</u>	Industrial
	\$23,480,533	17	35.95%	\$12,853,580	6	58.13%	\$12,853,580	\$36,334,113	41.56%	
Project Area Totals:	\$65,306,035			\$22,112,150			\$22,112,150	\$87,418,185		
Project Area Incremental Value:	\$17,711,400		132.57%	\$6,497,380		197.83%	\$6,497,380	\$24,208,780	150.09%	

APPENDIX G

SPECIMEN BOND INSURANCE POLICY

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XL CAPITAL ASSURANCE

1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 478-3400

MUNICIPAL BOND INSURANCE POLICY

ISSUER: []

Policy No: []

BONDS: []

Effective Date: []

XL Capital Assurance Inc. (XLCA), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy (which includes each endorsement attached hereto), hereby agrees unconditionally and irrevocably to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the benefit of the Owners of the Bonds or, at the election of XLCA, to each Owner, that portion of the principal and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment.

XLCA will pay such amounts to or for the benefit of the Owners on the later of the day on which such principal and interest becomes Due for Payment or one (1) Business Day following the Business Day on which XLCA shall have received Notice of Nonpayment (provided that Notice will be deemed received on a given Business Day if it is received prior to 10:00 a.m. Pacific time on such Business Day; otherwise it will be deemed received on the next Business Day), but only upon receipt by XLCA, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in XLCA. Upon such disbursement, XLCA shall become the owner of the Bond, any appurtenant coupon to the Bond or the right to receipt of payment of principal and interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by XLCA hereunder. Payment by XLCA to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of XLCA under this Policy.

In the event the Trustee or Paying Agent has notice that any payment of principal or interest on a Bond which has become Due for Payment and which is made to an Owner by or on behalf of the Issuer of the Bonds has been recovered from the Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law, such Owner will be entitled to payment from XLCA to the extent of such recovery if sufficient funds are not otherwise available.

The following terms shall have the meanings specified for all purposes of this Policy, except to the extent such terms are expressly modified by an endorsement to this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of California, the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity, unless XLCA shall elect, in its sole discretion, to pay such principal due upon such acceleration; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or Paying Agent for payment in full of all principal and interest on the Bonds which are Due for Payment. "Notice" means telephonic or teletyped notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to XLCA which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

XLCA may, by giving written notice to the Trustee and the Paying Agent, appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy. From and after the date of receipt by the Trustee and the Paying Agent of such notice, which shall specify the name and notice address of the Insurer's Fiscal Agent, (a) copies of all notices required to be delivered to XLCA pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to XCLA and shall not be deemed received until received by both and (b) all payments required to be made by XLCA under this Policy may be made directly by XLCA or by the Insurer's Fiscal Agent on behalf of XLCA. The Insurer's Fiscal Agent is the agent of XLCA only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of XLCA to deposit or cause to be deposited sufficient funds to make payments due hereunder.

Except to the extent expressly modified by an endorsement hereto, (a) this Policy is non-cancelable by XLCA, and (b) the Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of XLCA, nor against any risk other than Nonpayment. This Policy sets forth the full undertaking of XLCA and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto.

IN THE EVENT THAT XLCA WERE TO BECOME INSOLVENT, ANY CLAIMS ARISING UNDER THIS POLICY ARE NOT COVERED BY THE CALIFORNIA GUARANTY INSURANCE FUND SPECIFIED IN ARTICLE 12119(b) OF THE CALIFORNIA INSURANCE CODE.

In witness whereof, XLCA has caused this Policy to be executed on its behalf by its duly authorized officers.

SPECIMEN

Name:
Title:

SPECIMEN

Name:
Title:



