

In the opinion of Goodwin Procter LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 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 the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS.”

\$20,530,000

**CITY OF OXNARD FINANCING AUTHORITY
LOCAL OBLIGATION REVENUE BONDS
(2006 TAX ALLOCATION BOND FINANCINGS)**

Dated: Date of Delivery

Due: September 1, as shown on inside cover page

The City of Oxnard Financing Authority Local Obligation Revenue Bonds (2006 Tax Allocation Bond Financings) (the “Bonds”), are being issued by the City of Oxnard Financing Authority (the “Authority”) pursuant to an Indenture of Trust, dated as of December 1, 2006 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and will be secured as described herein. The Bonds are being issued in the aggregate principal amount of \$20,530,000 to purchase the following obligations being issued simultaneously by the Oxnard Community Development Commission (the “Commission”): (i) the Oxnard Community Development Commission Ormond Beach Project Area Tax Allocation Bonds, Series 2006, being issued in the aggregate principal amount of \$5,750,000 (the “Ormond Beach Bonds”), (ii) the Oxnard Community Development Commission Southwinds Project Area Tax Allocation Bonds, Series 2006, being issued in the aggregate principal amount of \$3,290,000 (the “Southwinds Bonds”), and (iii) the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2006, being issued in the aggregate principal amount of \$11,490,000 (the “HERO Bonds” and, together with the Ormond Beach Bonds and the Southwinds Bonds, the “Acquired Obligations”). A *pro rata* portion of the proceeds of each of the Acquired Obligations will be transferred to the Authority and used to (i) pay for a financial guaranty insurance policy for the Bonds, (ii) pay an underwriter’s discount for the Bonds, (iii) fund a reserve fund for the Bonds, and (iv) pay certain costs of issuance of the Bonds and the Acquired Obligations. See “ESTIMATED SOURCES AND USES OF FUNDS,” “THE BONDS,” “SECURITY FOR THE BONDS,” and “SECURITY FOR THE ACQUIRED OBLIGATIONS.”

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”), or such other name as may be requested by an authorized representative of 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 “APPENDIX F — SUMMARY OF BOOK-ENTRY ONLY SYSTEM.”

Payments of interest on the Bonds will be made by the Trustee to DTC, which will in turn remit such 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 March 1, 2007, 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 office of the Trustee upon maturity or the earlier redemption thereof. See “THE BONDS — Description of the Bonds.”

The Bonds are subject to redemption prior to maturity as set forth herein. See “THE BONDS — Redemption.”

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy (the “Bond Insurance Policy”) to be issued concurrently with the delivery of the Bonds by Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company. See “BOND INSURANCE POLICY.”

Ambac

The Bonds are payable solely from debt service payments with respect to the Acquired Obligations received by the Trustee, as the assignee of the Authority, which is the owner of the Acquired Obligations, and amounts in certain funds and accounts pledged under the Indenture (collectively, the “Revenues”). Debt service payments on the Acquired Obligations are calculated to be sufficient to permit the Authority to pay debt service on the Bonds when due. See “THE BONDS — Debt Service Schedule.”

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OF OXNARD (THE “CITY”), THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER. EXCEPT FOR THE REVENUES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NEITHER GENERAL OR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE AUTHORITY, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE EXCLUSIVELY FROM REVENUES, AS PROVIDED IN THE INDENTURE AND AS MORE FULLY DESCRIBED HEREIN. THE AUTHORITY IS NOT REQUIRED TO ADVANCE ANY MONEYS DERIVED FROM ANY SOURCE OTHER THAN THE REVENUES AND OTHER ASSETS PLEDGED UNDER THE INDENTURE FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ACQUIRED OBLIGATIONS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THE AMOUNTS PLEDGED THEREFOR UNDER THE ACQUIRED OBLIGATIONS INDENTURES (AS DEFINED HEREIN), AS APPLICABLE, PURSUANT TO WHICH SUCH ACQUIRED OBLIGATIONS ARE BEING ISSUED. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE ACQUIRED OBLIGATIONS. THE COMMISSION HAS NO TAXING POWER.

See “RISK FACTORS” for a discussion of certain risk factors that should be considered in addition to the other matters set forth herein when evaluating the investment quality of the Bonds generally. This cover page contains certain information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

(See inside cover)

The Bonds are offered when, as, and if delivered to and received by the Underwriter, subject to the approval of legality by Goodwin Procter LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Authority, the City, and the Commission by the City Attorney and by Goodwin Procter LLP, Los Angeles, California, serving as Bond Counsel or as Disclosure Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York on or about January 5, 2007.



Dated: December 13, 2006

MATURITY SCHEDULE

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP⁽¹⁾ No.</u>	<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP⁽¹⁾ No.</u>
2007	\$260,000	3.250%	99.900%	69187P AY0	2017	\$555,000	3.700%	98.867%	69187P BJ2
2008	410,000	3.250	99.709	69187P AZ7	2018	580,000	3.750	98.325	69187P BK9
2009	420,000	3.250	99.468	69187P BA1	2019	600,000	3.875	98.470	69187P BL7
2010	435,000	3.500	100.000	69187P BB9	2020	620,000	4.000	98.854	69187P BM5
2011	450,000	3.500	99.868	69187P BC7	2021	645,000	4.000	98.145	69187P BN3
2012	465,000	3.500	99.742	69187P BD5	2022	670,000	4.000	97.381	69187P BP8
2013	480,000	3.400	98.880	69187P BE3	2023	700,000	4.100	97.750	69187P BQ6
2014	495,000	3.500	99.134	69187P BF0	2024	725,000	4.125	97.362	69187P BR4
2015	515,000	4.000	102.424	69187P BG8	2025	755,000	4.200	97.716	69187P BS2
2016	540,000	3.600	98.950	69187P BH6	2026	785,000	4.250	98.035	69187P BT0

\$2,575,000 4.250% Term Bond due September 1, 2029 Price 96.742% CUSIP⁽¹⁾ No. 69187P BU7

\$3,970,000 4.250% Term Bond due September 1, 2033 Price 95.836% CUSIP⁽¹⁾ No. 69187P BV5

\$2,880,000 4.375% Term Bond due September 1, 2036 Price 97.479% CUSIP⁽¹⁾ No. 69187P BW3

⁽¹⁾ Copyright 2006, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. Such data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. CUSIP is a registered trademark of the American Bankers Association.

CITY OF OXNARD FINANCING AUTHORITY

GOVERNING BOARD

Dr. Thomas E. Holden, *Chairman*
Andres Herrera, *Vice Chairman*
Dean Maulhardt, *Board Member*
John C. Zaragoza, *Board Member*
Timothy B. Flynn, *Board Member*

**CITY OF OXNARD, CALIFORNIA
OXNARD COMMUNITY DEVELOPMENT COMMISSION**

COMMISSION AND CITY COUNCIL

Dr. Thomas E. Holden, *Chairman and Mayor*
Andres Herrera, *Vice Chairman and Mayor Pro Tem*
Dean Maulhardt, *Commissioner and Councilmember*
John C. Zaragoza, *Commissioner and Councilmember*
Timothy B. Flynn, *Commissioner and Councilman*

COMMISSION AND CITY STAFF

Edmund F. Sotelo, *Executive Director and Secretary of Commission and City Manager*
Karen R. Burnham, *Assistant City Manager*
Gary L. Gillig, *General Counsel of Commission and City Attorney*
Daniel Martinez, *City Clerk*
Dale Belcher, *Commission and City Treasurer*
Curtis Cannon, *Community Development Director*
Susan M. Winder, *Interim Finance Director*
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No dealer, broker, salesperson, or other person has been authorized by the Authority, the Commission, the City, or E. J. De La Rosa & Co., Inc. (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 on as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds, nor 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 that involve estimates, forecasts, or matters of opinion, whether or not expressly described as such herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth in this Official Statement has been obtained from the Authority, the Commission, the City, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by the Authority, the Commission, or the City. 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 Authority, the Commission, or the City 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 ON 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.

Other than with respect to information concerning Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company (the “Bond Insurer”), contained under “BOND INSURANCE POLICY” and “APPENDIX E – SPECIMEN BOND INSURANCE POLICY,” none of the information in this Official Statement has been supplied or verified by the Bond Insurer, and the Bond Insurer makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax-exempt status of the interest on the Bonds.

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\$20,530,000
CITY OF OXNARD FINANCING AUTHORITY
LOCAL OBLIGATION REVENUE BONDS
(2006 TAX ALLOCATION BOND FINANCINGS)

INTRODUCTION

General

This Official Statement, which includes the cover page, Table of Contents, and Appendices (the “Official Statement”), provides certain information concerning the sale and delivery of the City of Oxnard Financing Authority Local Obligation Revenue Bonds (2006 Tax Allocation Bond Financings) (the “Bonds”), in an aggregate principal amount of \$20,530,000. 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 and not otherwise defined herein shall have the meanings ascribed to them in “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Selected Definitions.”

The Authority

The City of Oxnard Financing Authority (the “Authority”) is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated October 9, 1991, as amended on April 21, 1992 (the “JPA”), by and among the City of Oxnard, California (the “City”), the Oxnard Community Development Commission (as successor-in-interest to the Redevelopment Agency of the City of Oxnard) (the “Commission”), and the Housing Authority of the City of Oxnard, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “JPA Law”). See “THE AUTHORITY.”

The Commission

The Acquired Obligations, which provide the primary security for the Bonds, are being issued by the Commission. The Redevelopment Agency of the City of Oxnard (the “Agency”) was established pursuant to Part 1 and Part 1.7 of Division 24 of the California Health and Safety Code, commencing with Section 33000 (the “Redevelopment Law”) and was originally activated pursuant to by Resolution No. 2365, adopted by 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. See “THE COMMISSION.”

Authorization

The Bonds are being issued by the Authority under and pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the “Bond Law”), and pursuant to the provisions of an Indenture of Trust, dated as of December 1, 2006 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”).

Purpose of Issuance

The proceeds of the Bonds will be used to acquire the Acquired Obligations (as defined herein) from the Commission. A *pro rata* portion of the proceeds of each of the Acquired Obligations will be transferred to the Authority and used to (i) pay for a financial guaranty insurance policy for the Bonds, (ii) pay an Underwriter's discount for the Bonds, (iii) fund a reserve fund for the Bonds, and (iv) pay certain costs of issuance of the Bonds and the Acquired Obligations. The principal and interest payments received by the Authority as the owner of the Acquired Obligations are the primary source of funds to pay the principal and interest with respect to the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS," "THE BONDS," "SECURITY FOR THE BONDS," and "SECURITY FOR THE ACQUIRED OBLIGATIONS."

Redemption of Bonds

The Bonds are subject to mandatory redemption prior to maturity as set forth herein. See "THE BONDS – Redemption."

Security for the Bonds

Revenues. The Bonds are payable from and secured by the Revenues. The term "Revenues" is defined in the Indenture as (a) all amounts derived from or with respect to the Acquired Obligations and (b) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture, except the Rebate Fund and the Expense Fund. See "SECURITY FOR THE BONDS."

Reserve Fund. Pursuant to the Indenture, the Authority has established a reserve fund for the Bonds (the "Reserve Fund"). Upon issuance of the Bonds, the Reserve Fund will be initially funded from the proceeds of the Acquired Obligations in an amount equal to \$1,230,241.26, which is equal to the Reserve Requirement, as defined herein. If on any Interest Payment Date (as defined herein) the amount in the Interest Account established under the Indenture is less than the interest payable with respect to the Bonds on such date, the Trustee will, pursuant to the terms of the Indenture, transfer the amount of such delinquency from the Reserve Fund to the Interest Account. If on any Interest Payment Date the amount in the Principal Account established under the Indenture is less than the principal payable with respect to the Bonds on such date, the Trustee will, pursuant to the terms of the Indenture, transfer the amount of such delinquency from the Reserve Fund to the Principal Account. See "SECURITY FOR THE BONDS – Reserve Fund."

Bond Insurance Policy. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy (the "Bond Insurance Policy") to be issued concurrently with the delivery of the Bonds by Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company (the "Bond Insurer"). See "BOND INSURANCE POLICY."

Acquired Obligations

The Acquired Obligations are comprised of (i) the Oxnard Community Development Commission Ormond Beach Project Area Tax Allocation Bonds, Series 2006 (the "Ormond Beach Bonds"), which are being issued to provide moneys to finance redevelopment activities in the Ormond Beach Redevelopment Project Area (the "Ormond Beach Project Area"), (ii) the Oxnard Community Development Commission Southwinds Project Area Tax Allocation Bonds, Series 2006 (the "Southwinds Bonds"), which are being issued to provide moneys to finance redevelopment activities in the Southwinds Redevelopment Project Area (the "Southwinds Project Area"), and (iii) the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2006 (the "HERO Bonds" and, together with the Ormond Beach Bonds and the Southwinds Bonds, the "Acquired Obligations"), which are being issued to provide moneys to finance redevelopment activities in the Historic Enhancement and Revitalization of Oxnard (HERO) Redevelopment Project Area (the "HERO Project Area" and, together with the Ormond Beach Project Area and the Southwinds Project Area, the "Project Areas").

The Acquired Obligations are being issued by the Commission pursuant to the Redevelopment Law. The Ormond Beach Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2006 (the "Ormond Beach Bonds Indenture"), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the "Acquired Obligations Trustee"). The Southwinds Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2006 (the "Southwinds Bonds Indenture"), by and between the Commission and the Acquired Obligations Trustee. The HERO Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2006 (the "HERO Bonds Indenture" and, together with the Ormond Beach Bonds Indenture and the Southwinds Bonds Indenture, the "Acquired Obligations Indentures"), by and between the Commission and the Acquired Obligations Trustee. Each of the Acquired Obligations is secured by a pledge of and lien on all of the Tax Revenues (as defined herein) levied within the applicable Project Area and a pledge of and lien on all of the moneys in the Special Fund and the Debt Service Fund established under the applicable Acquired Obligations Indenture. See "SECURITY FOR THE ACQUIRED OBLIGATIONS."

Continuing Disclosure

The Authority will covenant in a continuing disclosure agreement, the form of which is attached as Appendix D (the "Continuing Disclosure Agreement"), to provide certain financial information and operating data relating to the Authority and the Commission, and notices of certain events, if material. Such covenant will be made by the Authority in order to assist the Underwriter in complying with Rule 15c2-12, as amended, promulgated under the Securities and Exchange Act of 1934. See "CONTINUING DISCLOSURE" and "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT."

Risk Factors

See the section of this Official Statement entitled "RISK FACTORS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds generally.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend," "expect," "propose," "estimate," "project," "budget," "anticipate," or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements described to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. No updates or revisions to such forward-looking statements are expected to be issued if or when the expectations, events, conditions, or circumstances on which such statements are based change. The forward-looking statements in this Official statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. **READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.**

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.

Limited Obligations

Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision of the State is pledged to the payment of the Bonds. Neither the Authority nor the Commission has any taxing power. Except for the Revenues pledged under the Indenture, no other revenues or taxes are pledged to the payment of the Bonds. The Bonds are not general or special obligations of the City or the Commission, or general obligations of the Authority, but are limited obligations of the Authority payable exclusively from Revenues, as provided in the Indenture and as more fully described herein. Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision of the State is pledged to the payment of the Acquired Obligations. The Acquired Obligations are limited obligations of the Commission payable solely from and secured solely by the amounts pledged therefor under the Acquired Obligations Indentures, as applicable, which amounts are comprised of Tax Revenues and moneys held in certain of the funds established under such Acquired Obligations Indentures, as applicable.

ESTIMATED SOURCES AND USES OF FUNDS

Estimated Sources and Uses of Funds for the Bonds

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

Sources of Funds

Principal Amount	\$20,530,000.00
Less: Net Original Issue Discount	(459,484.75)
Plus: Contribution from Acquired Obligations for Bond Insurance Policy Premium ⁽¹⁾	411,638.19
Plus: Contribution from Acquired Obligations for Underwriter's Discount ⁽²⁾	277,155.00
Plus: Contribution from Acquired Obligations for Reserve Fund ⁽³⁾	1,230,241.26
Plus: Contribution from Acquired Obligations for Costs of Issuance ⁽⁴⁾	<u>424,537.44</u>
Total Sources	\$22,414,087.14

Uses of Funds

Transfer to Bond Insurer ⁽⁵⁾	\$ 411,638.19
Transfer to Underwriter ⁽⁶⁾	277,155.00
Deposit to Reserve Fund ⁽⁷⁾	1,230,241.26
Deposit to Expense Fund ⁽⁸⁾	424,537.44
Deposit to Program Fund ⁽⁹⁾	<u>20,070,515.25</u>
Total Uses	\$22,414,087.14

⁽¹⁾ Comprised of \$115,235.16 from the Ormond Beach Bond proceeds, \$65,924.63 from the Southwinds Bond proceeds, and \$230,478.40 from the HERO Bond proceeds.

⁽²⁾ Comprised of \$77,587.56 from the Ormond Beach Bond proceeds, \$44,386.89 from the Southwinds Bond proceeds, and \$155,180.55 from the HERO Bond proceeds.

⁽³⁾ Comprised of \$344,397.24 from the Ormond Beach Bond proceeds, \$197,025.44 from the Southwinds Bond proceeds, and \$688,818.58 from the HERO Bond proceeds.

⁽⁴⁾ Comprised of \$122,238.18 from the Ormond Beach Bond proceeds, \$70,445.65 from the Southwinds Bond proceeds, and \$231,853.61 from the HERO Bond proceeds.

⁽⁵⁾ Moneys transferred to the Bond Insurer will be used to pay the Bond Insurance Policy premium.

⁽⁶⁾ Moneys transferred to the Underwriter will be used to pay the Underwriter's discount for the Bonds.

⁽⁷⁾ Represents the Reserve Requirement for the Bonds.

⁽⁸⁾ To pay costs of issuance, including legal fees, printing fees, rating agency fees, fees of Bond Counsel and Disclosure Counsel, Fiscal Consultant's fees, and Trustee and Acquired Obligations Trustee fees.

⁽⁹⁾ Moneys in the Program Fund will be used to purchase the Acquired Obligations.

Estimated Sources and Uses of Funds for the Acquired Obligations

Ormond Beach Bonds. The estimated sources and uses of funds with respect to the Ormond Beach Bonds are set forth in the following table.

Sources of Funds

Principal Amount	\$5,750,000.00
Less: Net Original Issue Discount	<u>(128,010.95)</u>
Total Sources	\$5,621,989.05

Uses of Funds

Transfer to Authority to Pay a Portion of Bond Insurance Policy Premium	\$ 115,235.16
Transfer to Authority to Pay a Portion of Underwriter’s Discount	77,587.56
Transfer to Authority for Deposit into Reserve Fund	344,397.24
Transfer to Authority for Deposit into Expense Fund to Pay Costs of Issuance	122,238.18
Deposit to Ormond Beach Redevelopment Fund	<u>4,962,530.91</u>
Total Uses	\$5,621,989.05

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

Sources of Funds

Principal Amount	\$3,290,000.00
Less: Net Original Issue Discount	<u>(73,214.20)</u>
Total Sources	\$3,216,785.80

Uses of Funds

Transfer to Authority to Pay a Portion of Bond Insurance Policy Premium	\$ 65,924.63
Transfer to Authority to Pay a Portion of Underwriter’s Discount	44,386.89
Transfer to Authority for Deposit into Reserve Fund	197,025.44
Transfer to Authority for Deposit into Expense Fund to Pay Costs of Issuance	70,445.65
Deposit to Southwinds Redevelopment Fund	<u>2,839,003.19</u>
Total Uses	\$3,216,785.80

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

Sources of Funds

Principal Amount	\$11,490,000.00
Less: Net Original Issue Discount	<u>(258,259.60)</u>
Total Sources	\$11,231,740.40

Uses of Funds

Transfer to Authority to Pay a Portion of Bond Insurance Policy Premium	\$ 230,478.40
Transfer to Authority to Pay a Portion of Underwriter’s Discount	155,180.55
Transfer to Authority for Deposit into Reserve Fund	688,818.58
Transfer to Authority for Deposit into Expense Fund to Pay Costs of Issuance	231,853.61
Deposit to HERO Redevelopment Fund	<u>9,925,409.26</u>
Total Uses	\$11,231,740.40

THE BONDS

Description of the Bonds

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

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

Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2007 (each an “Interest Payment Date”), to the persons in whose names ownership of the Bonds is registered on the records maintained by the Trustee for the registration and transfer of ownership of the Bonds (the “Registration Books”) at the close of business on the fifteenth (15th) day (whether or not such day is a Business Day) of the calendar month preceding the applicable Interest Payment Date (each, a “Record Date”), except as provided in the Indenture. Interest on the Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (a) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, (b) a Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from its date of delivery, or (c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

The principal of and redemption premium, if any, on the Bonds will be paid in lawful money of the United States of America at the office of the Trustee upon presentation and surrender of the Bonds at maturity or the prior redemption thereof. The Bonds will mature on September 1 in the principal amounts and years as shown on the inside cover page hereof and are subject to mandatory redemption as described herein.

Redemption

Mandatory Redemption from Redemption Proceeds (Optional Redemption) from Acquired Obligations.

The Bonds or any portion of a Bond in any Authorized Denomination maturing on or after September 1, 2017, shall be subject to redemption as a whole or in part, as determined by the Authority and by lot within a maturity, at the option of the Authority, among maturities as directed by the Authority, in a Written Order of the Authority accompanied by and consistent with the applicable Cash Flow Certificate, on any date on or after September 1, 2016, without premium, solely from Redemption Proceeds (Optional Redemption) transferred to the Trustee from the Acquired Obligations Trustee in connection with the optional redemption of any of the Acquired Obligations.

Mandatory Sinking Account Redemption. The Bonds maturing on September 1, 2029, are subject to redemption prior to their stated maturity, in part by lot, from Redemption Proceeds (Sinking Account Payments) transferred to the Trustee by the Acquired Obligations Trustee, accompanied by and consistent with the applicable Cash Flow Certificate, on each September 1, commencing September 1, 2027, at the principal thereof plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

Redemption Date (September 1)	Principal Amount
2027	\$825,000
2028	855,000
2029 (maturity)	895,000

The Bonds maturing on September 1, 2033, are subject to redemption prior to their stated maturity, in part by lot, from Redemption Proceeds (Sinking Account Payments) transferred to the Trustee by the Acquired Obligations Trustee, accompanied by and consistent with the applicable Cash Flow Certificate, on each September 1, commencing September 1, 2030, at the principal thereof plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

Redemption Date (September 1)	Principal Amount
2030	\$ 930,000
2031	970,000
2032	1,015,000
2033 (maturity)	1,055,000

The Bonds maturing on September 1, 2036, are subject to redemption prior to their stated maturity, in part by lot, from Redemption Proceeds (Sinking Account Payments) transferred to the Trustee by the Acquired Obligations Trustee, accompanied by and consistent with the applicable Cash Flow Certificate, on each September 1, commencing September 1, 2034, at the principal thereof plus accrued interest thereon to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the respective dates as set forth in the following table.

Redemption Date (September 1)	Principal Amount
2034	\$1,100,000
2035	1,150,000
2036 (maturity)	630,000

Notwithstanding the foregoing, if some but not all of the Bonds have been redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking account payments shall be reduced by the aggregate principal amount of Bonds so redeemed, to be allocated among such sinking account payments on a *pro rata* basis in integral multiples of \$5,000 as determined by the Authority (notice of which determination will be given by the Authority to the Trustee). See “Mandatory Redemption from Redemption Proceeds (Optional Redemption) from Acquired Obligations” above.

Cash Flow Certificate. The term “Cash Flow Certificate” is defined in the Indenture as a certificate prepared by an Independent Cash Flow Consultant that, as to a redemption of Bonds pursuant to the Indenture, (a) directs the redemption of Bonds among maturities of the Bonds as necessary, after giving effect to such redemption, so as to maintain as close as practicable a level of Revenue coverage that existed for the Bonds as of the Closing Date, and (b) certifies that after such redemption the Revenues scheduled to be received from the Acquired Obligations will be sufficient in time and amount (together with funds then held under the Indenture representing payments made pursuant to the Acquired Obligations and available to pay debt service on the Bonds, but excluding amounts, if any, on deposit in the Reserve Fund) to make all remaining scheduled payments of principal of and interest on the outstanding Bonds.

Purchase in Lieu of Redemption

In lieu of depositing cash with the Trustee as and for payment of the redemption price of any Bonds pursuant to the Indenture, and after complying with the applicable Cash Flow Certificate requirements, amounts on deposit in the Principal Account, the Interest Account, and the Redemption Account may be used and withdrawn by the Trustee at any time prior to the selection of Bonds for such redemption having taken place with respect to such

amounts, upon a Written Order of the Authority for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may, in its discretion, determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date. All Bonds so purchased will be delivered to the Trustee for cancellation. If any Bond so purchased is not extinguished, prior written consent of the Bond Insurer is required.

Selection of Bonds for Redemption

Pursuant to and subject to the provisions of the Indenture, whenever provision is made for the redemption of less than all of the Bonds, the Trustee will select the amounts and maturities of Bonds for redemption in accordance with a Written Order of the Authority to be provided to the Trustee not less than 45 days prior to the redemption date. Each such Written Order of the Authority must be accompanied by a Cash Flow Certificate pertaining to such redemption. Copies of each such Written Order and accompanying Cash Flow Certificate must be provided to the Bond Insurer.

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

Notice of Redemption

At least 30 days but no more than 60 days prior to a redemption date, the Trustee will give by first class mail, postage prepaid, a copy of the notice of redemption to the owners of the Bonds to be redeemed at their addresses appearing on the Registration Books. Failure to receive such notice or any defect therein will not affect the validity of the redemption or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as provided in the Indenture will be conclusive as against all parties. In addition, notice of redemption will be given to the Securities Depositories and to at least one of the Information Services.

Effect of Redemption

If, on a redemption date, money for the redemption of all the Bonds to be redeemed as provided in the Indenture, together with interest to such redemption date and premium, if any, will be held by the Trustee so as to be available therefore on such redemption date, and, if notice of redemption thereof will have been given in accordance with the Indenture, then, from and after such redemption date, interest represented by said Bonds to be redeemed will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the owners of the Bonds so to be redeemed.

When any Bonds (or portions thereof) have been duly called for redemption prior to maturity pursuant to the Indenture and sufficient moneys will be held irrevocably in trust for the payment of the redemption price of such Bonds (or portions thereof), as provided in the Indenture, then, on the redemption date, such Bonds (or portions thereof) will no longer be deemed outstanding and will be surrendered to the Trustee.

Transfers and Exchange

So long as the Bonds remain in book-entry form, transfer and exchange of any of the Bonds will be accomplished in accordance with the provisions of such book-entry system. In the event of termination of such book-entry system with respect to the Bonds, the Bonds may be transferred and exchanged in accordance with the terms of the Indenture. See "APPENDIX F – SUMMARY OF BOOK-ENTRY ONLY SYSTEM."

Debt Service Schedule

The debt service schedule for the Bonds, assuming no redemptions (except for mandatory sinking account redemptions), is set forth below:

<u>Payment Date (September 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2007	\$ 260,000.00	\$ 542,233.77	\$ 802,233.77
2008	410,000.00	818,686.26	1,228,686.26
2009	420,000.00	805,361.26	1,225,361.26
2010	435,000.00	791,711.26	1,226,711.26
2011	450,000.00	776,486.26	1,226,486.26
2012	465,000.00	760,736.26	1,225,736.26
2013	480,000.00	744,461.26	1,224,461.26
2014	495,000.00	728,141.26	1,223,141.26
2015	515,000.00	710,816.26	1,225,816.26
2016	540,000.00	690,216.26	1,230,216.26
2017	555,000.00	670,776.26	1,225,776.26
2018	580,000.00	650,241.26	1,230,241.26
2019	600,000.00	628,491.26	1,228,491.26
2020	620,000.00	605,241.26	1,225,241.26
2021	645,000.00	580,441.26	1,225,441.26
2022	670,000.00	554,641.26	1,224,641.26
2023	700,000.00	527,841.26	1,227,841.26
2024	725,000.00	499,141.26	1,224,141.26
2025	755,000.00	469,235.00	1,224,235.00
2026	785,000.00	437,525.00	1,222,525.00
2027	825,000.00	404,162.50	1,229,162.50
2028	855,000.00	369,100.00	1,224,100.00
2029	895,000.00	332,762.50	1,227,762.50
2030	930,000.00	294,725.00	1,224,725.00
2031	970,000.00	255,200.00	1,225,200.00
2032	1,015,000.00	213,975.00	1,228,975.00
2033	1,055,000.00	170,837.50	1,225,837.50
2034	1,100,000.00	126,000.00	1,226,000.00
2035	1,150,000.00	77,875.00	1,227,875.00
2036	<u>630,000.00</u>	<u>27,562.50</u>	<u>657,562.50</u>
Totals	\$20,530,000.00	\$15,264,625.19	\$35,794,625.19

Source: Underwriter.

SECURITY FOR THE BONDS

Revenues and Acquired Obligations

The Bonds are payable solely from and secured by the pledged Revenues and any other amounts held in any fund or account established pursuant to the Indenture, except the Rebate Fund and the Expense Fund. Revenues consist of (a) all amounts derived from or with respect to the Acquired Obligations and (b) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture, except the Rebate Fund and Expense Fund. While the Ormond Beach Bonds and the Southwinds Bonds will bear interest at a rate for each maturity that is equal to the rate for each corresponding maturity of the Bonds, the HERO Bonds generally will bear interest at a rate for each maturity that is higher than the rate for each corresponding maturity of the Bonds. Therefore, Revenues derived from payments of interest on the Acquired Obligations will be greater than payments of interest on the Bonds, which excess will be used to provide coverage for the payment of debt service on the Bonds and to provide a source of payment of certain Administrative Costs of the Authority. See "SECURITY FOR THE ACQUIRED OBLIGATIONS."

Debt Service Coverage for the Bonds

The following table sets forth the debt service coverage provided for the Bonds by the Acquired Obligations:

<u>Payment Date (September 1)</u>	<u>Revenues From Acquired Obligations</u>	<u>Debt Service on Bonds</u>	<u>Debt Service Coverage</u>	<u>Surplus Revenues</u>
2007	\$ 867,713.28	\$ 802,233.77	108%	\$ 65,479.51
2008	1,328,220.26	1,228,686.26	108	99,534.00
2009	1,324,345.26	1,225,361.26	108	98,984.00
2010	1,325,120.26	1,226,711.26	108	98,409.00
2011	1,324,895.26	1,226,486.26	108	98,409.00
2012	1,324,145.26	1,225,736.26	108	98,409.00
2013	1,322,870.26	1,224,461.26	108	98,409.00
2014	1,321,290.26	1,223,141.26	108	98,149.00
2015	1,323,435.26	1,225,816.26	108	97,619.00
2016	1,328,675.26	1,230,216.26	108	98,459.00
2017	1,323,940.26	1,225,776.26	108	98,164.00
2018	1,328,405.26	1,230,241.26	108	98,164.00
2019	1,326,815.26	1,228,491.26	108	98,324.00
2020	1,324,134.00	1,225,241.26	108	98,892.74
2021	1,324,334.00	1,225,441.26	108	98,892.74
2022	1,323,534.00	1,224,641.26	108	98,892.74
2023	1,326,186.50	1,227,841.26	108	98,345.24
2024	1,322,294.00	1,224,141.26	108	98,152.74
2025	1,322,289.00	1,224,235.00	108	98,054.00
2026	1,320,784.00	1,222,525.00	108	98,259.00
2027	1,327,379.00	1,229,162.50	108	98,216.50
2028	1,322,293.76	1,224,100.00	108	98,193.76
2029	1,325,932.76	1,227,762.50	108	98,170.26
2030	1,322,871.00	1,224,725.00	108	98,146.00
2031	1,322,992.50	1,225,200.00	108	97,792.50
2032	1,326,396.50	1,228,975.00	108	97,421.50
2033	1,322,867.00	1,225,837.50	108	97,029.50
2034	1,322,627.00	1,226,000.00	108	96,627.00
2035	1,293,332.00	1,227,875.00	105	65,457.00
2036	690,291.00	657,562.50	105	32,728.50

Source: Underwriter.

Allocation of Revenues

As Revenues (other than Redemption Proceeds (Optional Redemption) and Redemption Proceeds (Sinking Account Payments), which will be deposited in the Redemption Account pursuant to the Indenture) are received in each calendar year commencing in 2006, the Trustee will transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain in trust separate and distinct from other funds and accounts established under the Indenture) the following amounts on the following dates and in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from a lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) On March 1 and September 1 of each year, the Trustee will deposit in the Interest Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest coming due and payable on such date on the Bonds.

(b) On September 1 of each year, the Trustee will deposit in the Principal Account an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Principal Account to equal the amount of principal coming due and payable, on such date on the outstanding Bonds.

(c) On March 1 and September 1 of each year, the Trustee will deposit in the Reserve Fund an amount which, together with the amounts then on deposit therein, is required to cause the aggregate amount on deposit in the Reserve Fund to equal the Reserve Requirement.

(d) On the next Business Day following each March 1 and September 1 deposit made pursuant to (a) through (c) above, the Trustee will deposit in the Expense Fund such amount as may be requested in a Written Request of an Authorized Representative of the Authority for the payment of Administrative Costs.

(e) On the next Business Day following each March 1 and September 1 deposit made pursuant to (a) through (d) above, the Trustee will deposit in the Rebate Fund all amounts which the Authority directs to be deposited therein pursuant to the Indenture.

(f) On the next Business Day following each March 1 and September 1 deposit made pursuant to (a) through (e) above, the Trustee will deposit in the Residual Account of the Revenue Fund the amount then on deposit in the Revenue Fund.

See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – Indenture of Trust” for a discussion of the application of moneys in the various funds and accounts established under the Indenture.

Reserve Fund

The Authority is required to deposit in the Reserve Fund an amount equal to the Reserve Requirement. The term “Reserve Requirement” is defined in the Indenture as an amount equal to \$1,230,241.26, which amount is equal to the least of (i) Maximum Annual Debt Service for the Bonds, (ii) 125% of Average Annual Debt Service for the Bonds, or (iii) 10% of the original principal amount of the Bonds.

If on any Interest Payment Date the amount in the Interest Account is less than the amount required for the interest payable with respect to the Bonds on such date, the Trustee will withdraw from the Reserve Fund and deposit into the Interest Account the amount of such deficiency. If on any Interest Payment Date the amount in the Principal Account is less than the amount required for the principal payable with respect to the Bonds on such date, the Trustee will withdraw from the Reserve Fund and deposit into the Principal Account the amount of such deficiency.

If on September 2 of any year the amount of cash on deposit in the Reserve Fund exceeds the Reserve Requirement, the Trustee will on such date transfer such excess from the cash then on deposit in the Reserve Fund to the Residual Account.

Bond Insurance Policy

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under the Bond Insurance Policy to be issued concurrently with the delivery of the Bonds by the Bond Insurer. See “BOND INSURANCE POLICY” and “APPENDIX E – SPECIMEN BOND INSURANCE POLICY.”

Bonds are Limited Obligations

Neither the faith and credit nor the taxing power of the City, the State of California (the “State”), or any political subdivision of the State is pledged to the payment of the Bonds. Neither the Authority nor the Commission has any taxing power. Except for the Revenues pledged under the Indenture, no other revenues or taxes are pledged to the payment of the Bonds. The Bonds are not general or special obligations of the City or the Commission, or general obligations of the Authority, but are limited obligations of the Authority payable exclusively from Revenues, as provided in the Indenture and as more fully described herein.

BOND INSURANCE POLICY

The following information has been furnished by the Bond Insurer for use in this Official Statement. Such information has not been independently confirmed or verified by the Authority, the Commission, or the City. No representation is made herein by the Authority, the Commission, or the City as to the accuracy or adequacy of such information or that the information contained and incorporated herein by reference is correct. Reference is made to Appendix E 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 caption. In addition, the Bond Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds. The term “Obligor,” as used in this section, means the Authority.

Payment Pursuant to Bond Insurance Policy

The Bond Insurer has made a commitment to issue the Bond Insurance Policy relating to the Bonds, effective as of the date of issuance of the Bonds. Under the terms of the Bond Insurance Policy, the Bond Insurer will pay to The Bank of New York, in New York, New York, or any successor thereto (the “Insurance Trustee”), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Bond Insurance Policy). The Bond Insurer will make such payments to the Bond Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one business day following the date on which the Bond Insurer shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by the Bond Insurer.

The Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, the Bond Insurer will remain obligated to pay the principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates, including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that the Bond Insurer elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the Obligor). Upon payment of all such accelerated principal and interest accrued to the acceleration date, the Bond Insurer’s obligations under the Bond Insurance Policy shall be fully discharged.

In the event the Trustee has notice that any payment of principal of or interest on a Bond that has become Due for Payment and that is made to a holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code in accordance with a final, non-appealable order of a court of competent jurisdiction, such Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available.

The Bond Insurance Policy does not insure any risk other than Nonpayment (as set forth in the Bond Insurance Policy). Specifically, the Bond Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
2. payment of any redemption, prepayment or acceleration premium; and
3. nonpayment of principal or interest caused by the insolvency or negligence of the Trustee, Paying Agent, or Bond Registrar, if any.

If it becomes necessary to call upon the Bond Insurance Policy, payment of principal requires surrender of the Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of the Bond Insurer to the extent of the payment under the Bond Insurance Policy. Payment of interest pursuant to the Bond Insurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to the Bond Insurer.

Upon payment of the insurance benefits, the Bond Insurer will become the Owner of the Bonds, appurtenant coupons, if any, or right to payment of the principal of or interest on such Bonds and will be fully subrogated to the surrendering holder's rights to payment.

In the event that the Bond Insurer were to become insolvent, any claims arising under the Bond Insurance Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

The Bond Insurer

The Bond Insurer is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$9,699,000,000 (unaudited) and statutory capital of approximately \$6,223,000,000 (unaudited) as of September 30, 2006. Statutory capital consists of the Bond Insurer's policyholders' surplus and statutory contingency reserve. S&P, Moody's, and Fitch Ratings have each assigned a triple-A financial strength rating to the Bond Insurer.

The Bond Insurer has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by the Bond Insurer will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by the Bond Insurer under policy provisions substantially identical to those contained in the Bond Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor.

The Bond Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by the Bond Insurer and presented under the heading "BOND INSURANCE POLICY."

Available Information

The parent company of the Bond Insurer, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the SEC. These reports, proxy statements, and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy, and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements, and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of the Bond Insurer's financial statements prepared in accordance with statutory accounting standards are available from the Bond Insurer. The address of the Bond Insurer's administrative offices is One State Street Plaza, 19th Floor, New York, New York 10004, and its telephone number is (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and filed on March 13, 2006;
2. The Company's Current Report on Form 8-K dated and filed on April 26, 2006;
3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2006, and filed on May 10, 2006;
4. The Company's Current Report on Form 8-K dated July 25, 2006, and filed on July 26, 2006;
5. The Company's Current Report on Form 8-K dated and filed on July 26, 2006;
6. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2006, and filed on August 9, 2006;
7. The Company's Current Report on Form 8-K dated and filed on October 25, 2006; and
8. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended September 30, 2006, and filed on November 8, 2006.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information."

SECURITY FOR THE ACQUIRED OBLIGATIONS

Description of Acquired Obligations

The Acquired Obligations consist of (i) the Ormond Beach Bonds, which are being issued to provide moneys to finance redevelopment activities in the Ormond Beach Project Area, (ii) the Southwinds Bonds, which are being issued to provide moneys to finance redevelopment activities in the Southwinds Project Area, and (iii) the HERO Bonds, which are being issued to provide moneys to finance redevelopment activities in the HERO Project Area. See "THE PROJECT AREAS."

Tax Revenues

Pledge of Tax Revenues. The Acquired Obligations are each limited obligations of the Commission, equally secured by a first pledge of and lien on all of the Tax Revenues derived from the applicable Project Area, and by a first and exclusive pledge of and lien on all of the moneys in the applicable Special Fund and the Debt Service Fund (as such funds are established under and defined in the applicable Acquired Obligations Indenture), without preference or priority for series, issue, number, dated date, sale date, date of execution, or date of delivery. Except for the applicable Tax Revenues and the moneys in such funds pertaining to a given series of Acquired Obligations, no moneys or properties of the Commission have are pledged to the payment of principal of or interest or redemption premium (if any) on any of the Acquired Obligations.

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

- (a) that portion of taxes levied on assessable property within the applicable Project Area allocated to the Commission pursuant to Article 6 of Chapter 6 of the Redevelopment 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 applicable 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 Commission's Low and Moderate Income Housing Fund in any fiscal year pursuant to Section 33334.3 of the Redevelopment Law, to the extent permitted to be applied to the payment of principal, interest, and premium, if any, with respect to the applicable Acquired Obligations and any applicable Parity Debt (as defined in the applicable Acquired Obligations Indenture), 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 Redevelopment Law, to the extent not permitted to be applied to the payment of principal, interest, and premium, if any, with respect to the applicable Acquired Obligations and any such applicable Parity Debt.

Tax Revenues do not include any payments made pursuant to any existing pass-through agreements entered into with any applicable Taxing Agency (as defined herein) or any statutorily required payments, including, without limitation, any payments required under Section 33607.5 of the California Health and Safety Code ("Section 33607.5") or 33676(a)(2) of the California Health and Safety Code, or any payments made to the Education Revenue Augmentation Fund created and held by the County of Ventura (the "County") 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 applicable Acquired Obligations Indenture as the limitations contained in the redevelopment plan for the applicable Project Area (collectively, the "Redevelopment Plans") on (i) the aggregate principal amount of bonded indebtedness payable from taxes that may be divided and allocated to the Commission pursuant to the applicable 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 such 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 such Redevelopment Plan. See "LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations."

The Tax Revenues generated within the Ormond Beach Project Area are referred to herein as the "Ormond Beach Tax Revenues." The Tax Revenues generated within the Southwinds Project Area are referred to herein as the "Southwinds Tax Revenues." The Tax Revenues generated within the HERO Project Area are referred to herein as the "HERO Tax Revenues." The Tax Revenues generated within the Original HERO Project Area (as defined herein) are referred to herein as the "Original HERO Tax Revenues." The Tax Revenues generated within the HERO Added Area (as defined herein) are referred to herein as the "HERO Added Area Tax Revenues." **None of the Tax Revenues derived from the Project Area for a given series of Acquired Obligations are pledged as security for any other Acquired Obligations.**

Allocation and Application of Tax Revenues. As provided in the Redevelopment Plans and in Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the California Constitution, taxes levied on taxable property in the applicable 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 applicable 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 on 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 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 Ormond Beach Bonds, the Southwinds Bonds, or the HERO Bonds, as applicable.

Pursuant to the applicable Acquired Obligations Indenture, the Commission will deposit all of the applicable Tax Revenues received in any applicable Bond Year (as defined below) in the applicable Special Fund promptly upon receipt thereof by the Commission, until such time during such Bond Year as the amounts on deposit in such Special Fund equal the aggregate amounts required (i) to be transferred to the Trustee for deposit into the applicable Debt Service Fund in such Bond Year pursuant to the applicable Acquired Obligations Indenture and (ii) to be transferred to the Acquired Obligations Trustee or such other applicable entity for deposit in the funds and accounts established with respect to any applicable Parity Debt and as provided in any Supplemental Indenture (as such term if defined in the applicable Acquired Obligations Indenture). The term "Bond Year," as it applies to any of the Acquired Obligations, is defined in each of the Acquired Obligations Indentures as the period of twelve consecutive months commencing on September 2 and ending on September 1 in any year during which the applicable Acquired Obligations are or will be outstanding; provided, however, that the first Bond Year shall commence on the applicable Closing Date and end on September 1, 2007, and that the final Bond Year shall end on the date on which the applicable Acquired Obligations are fully paid or redeemed.

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

Issuance of Parity Debt

In addition to the Acquired Obligations, the Commission may, by Supplemental Indenture, issue or incur Parity Debt payable from applicable Tax Revenues on a parity with the applicable Acquired Obligations to finance redevelopment activities within the applicable 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 applicable Acquired Obligations Indenture, conditions precedent to the issuance and delivery of such Parity Debt issued under such Acquired Obligations Indenture:

(a) The Commission shall be in compliance with all covenants set forth in the applicable Acquired Obligations Indenture and all Supplemental Indentures related thereto;

(b) The Tax Revenues attributable to the applicable Project Area estimated to be received by the Commission for the then current fiscal year based on the most recent assessed valuation of property in such 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 Taxing Agency), as evidenced in written documentation from an appropriate official of the County, plus, at the option of the Commission, Additional Revenues (as defined in the applicable Acquired Obligations Indenture), shall be at least equal to:

- (i) for the Ormond Beach Bonds, 150% of Maximum Annual Debt Service (as defined in the Ormond Beach Bonds Indenture) on all of the applicable Acquired Obligations and applicable Parity Debt that will be outstanding immediately following the issuance of such Parity Debt;

(ii) for the HERO Bonds, 120% of Maximum Annual Debt Service (as defined in the HERO Bonds Indenture) on all of the applicable Acquired Obligations and applicable Parity Debt that will be outstanding immediately following the issuance of such Parity Debt; and

(iii) for the Southwinds Bonds, 150% of Maximum Annual Debt Service (as defined in the Southwinds Bonds Indenture) on all of the applicable Acquired Obligations and applicable 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, surety bond, insurance, or any other form of guarantee, as permitted under the Commission);

(e) The aggregate amount of the principal of and interest on all applicable outstanding Acquired Obligations and applicable outstanding 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 Acquired Obligations Trustee a Certificate of the Commission certifying that the conditions precedent to the issuance of such Parity Debt set forth above 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 applicable Acquired Obligations Indentures and all Supplemental Indentures related thereto;

(b) If, and to the extent, such Subordinate Debt is payable from applicable Tax Revenues within the applicable Plan Limitations, then all outstanding Acquired Obligations, 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 Acquired Obligations Trustee a Certificate of the Commission certifying that the conditions precedent to the issuance of such Subordinate Debt set forth above have been satisfied.

Acquired Obligations are Limited Obligations

Neither the faith and credit nor the taxing power of the City, the State, or any political subdivision of the State is pledged to the payment of the Acquired Obligations. The Commission has no taxing power. The Acquired Obligations are limited obligations of the Commission payable solely from and secured solely by the amounts pledged therefor under the Acquired Obligations Indentures, as applicable, which amounts are comprised of applicable Tax Revenues and moneys held in certain of the funds established under such Acquired Obligations Indentures, as applicable.

THE PROJECT AREAS

Ormond Beach Project Area

The Ormond Beach Redevelopment Plan. The City Council of the City (the “City Council”) approved the original redevelopment plan for the Ormond Beach Project Area (the “Original Ormond Beach Redevelopment Plan”) pursuant to Ordinance No. 1990, adopted November 22, 1983. Pursuant to Ordinance No. 2346, adopted November 8, 1994, and Ordinance No. 2480, adopted January 12, 1999, the City Council amended the Original Ormond Beach Redevelopment Plan to incorporate certain limits mandated by AB 1290 (as defined herein) and to impose operative dates and financial limits, respectively. Pursuant to Ordinance No. 2527, adopted July 18, 2000, the City Council approved the Amended and Restated Redevelopment Plan for the Ormond Beach Project Area (the “Ormond Beach Redevelopment Plan”). The Ormond Beach Redevelopment Plan was further amended by Ordinance No. 2646, adopted February 3, 2004. The Ormond Beach Redevelopment Plan, as amended, is currently effective until November 21, 2025, which date is 42 years after the date of adoption of the Original Ormond Beach Redevelopment Plan. Pursuant to the Ormond Beach Redevelopment Plan, the last date on which the Commission may repay indebtedness with tax increment generated within the Ormond Beach Project Area is November 21, 2035, which date is 52 years after the date of adoption of the Original Ormond Beach Redevelopment Plan.

Description of Ormond Beach Project Area. The Ormond Beach Project Area encompasses approximately 1,334 acres in the City, located in and around Ormond Beach and areas inland, and is generally bounded by Hueneme Road on the north, Arnold Road on the east, and the Pacific Ocean on the south and southwest. All real property in the Ormond Beach Project Area that is owned or acquired by the Commission is subject to the controls and restrictions of the Ormond Beach Redevelopment Plan. The Ormond Beach 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 Ormond Beach Project Area, additional specific performance and development standards may be adopted by the Commission to control and direct redevelopment activities in the Ormond Beach Project Area. No new improvement shall be constructed in the Ormond Beach Project Area, and no existing improvements therein shall be substantially modified, altered, repaired, or rehabilitated, except in accordance with the Ormond Beach 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 Ormond Beach Redevelopment Plan, the total number of buildings and the total number of dwelling units in the Ormond Beach Project Area may not exceed the limitations imposed on buildings and dwelling units under the City’s General Plan.

Since its formation, development in the Ormond Beach Project Area has included light industrial, coastal dependent industry, energy facilities, visitor services, and public parks. The Commission has been active in recent years in economic development within the Ormond Beach Project Area, working with the Economic Development Corporation of Oxnard to promote business retention, attraction, and expansion and to assist companies in upgrading and expanding their facilities within the Ormond Beach Project Area. The City of Oxnard is also developing a four-acre site that will include facilities for wastewater recycling and reuse; groundwater injection, storage and recovery; and groundwater desalination, together with wetlands restoration.

Land Use in Ormond Beach Project Area. The Ormond Beach Project Area is primarily zoned for industrial and recreational uses and contains a large number of exempt government-owned parcels. There are currently no vacant parcels in the Ormond Beach Project Area. The following table summarizes current land use in the Ormond Beach Project Area, including the number of parcels for each type of land use and the assessed value of such parcels for fiscal year 2006-07.

Table 1
Ormond Beach Project Area
Land Use Summary
Fiscal Year 2006-07

<u>Category</u> ⁽¹⁾	<u>Number of Parcels</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Commercial	1	\$ 8,171,712	2.42%
Industrial	38	118,268,674	35.01
Exempt	206	0	0.00
Miscellaneous	9	7,558,930	2.24
Subtotal	254	\$133,999,316	39.67%
California State Board of Equalization Non-Unitary	(2)	142,700,990	42.24%
Unsecured	(2)	61,128,236	18.09
Subtotal		\$203,829,226	60.33%
Total		\$337,828,542	100.00%

(1) Based on County land use designations.

(2) Parcels already accounted for in other land use categories.

Source: HdL Coren & Cone.

Assessed Values in Ormond Beach Project Area. The assessed values of the property within the Ormond Beach Project Area have fluctuated from year to year during the ten-year period beginning in fiscal year 1996-97. The primary reason for such fluctuation is the change in value of the electrical generation facility currently owned by Reliant Energy Ormond Beach Inc. (the "Electrical Generation Facility"). Prior to its acquisition by the current owner in fiscal year 1998-99, the Electrical Generation Facility was owned by Southern California Edison and was included on the secured tax roll as California State Board of Equalization ("SBE") assessed property. The assessed value of the Electrical Generation Facility property was not immediately recorded on the equalized tax rolls due to delays in the reassessment of the property after its sale to the current owner, which resulted in a 9.15% reduction in assessed value within the Ormond Beach Project Area in fiscal year 1999-00. The subsequent successful reappraisal of the property for fiscal year 2000-01 resulted in an increase in assessed value of 36.9% in the Ormond Beach Project Area for such fiscal year. After minor decreases in assessed values within the Ormond Beach Project Area in fiscal years 2001-02 and 2002-03, such assessed values increased by 53.59% in fiscal year 2003-04, primarily due to the addition of the fully reappraised value of the Electrical Generation Facility to the equalized tax roll.

The following table sets forth the actual assessed values for the Ormond Beach Project Area for fiscal years 1996-97 through 2006-07. The average annual growth rate in assessed values for fiscal years 1996-97 through 2006-07 was 14.29%.

Table 2
Ormond Beach Project Area
Assessed Values
Fiscal Years 1996-97 through 2006-07

<u>Fiscal Year</u>	<u>Secured Assessed Value</u>	<u>Unsecured Assessed Value</u>	<u>Total Assessed Value</u>
1996-97	\$121,648,166	\$ 0	\$121,648,166
1997-98	116,616,547	0	116,616,547
1998-99	113,405,808	75,095,099	188,500,907
1999-00	97,073,178	74,175,134	171,248,312
2000-01	149,694,805	84,741,772	234,436,577
2001-02	163,871,373	70,123,150	233,994,523
2002-03	154,254,964	75,584,276	229,839,240
2003-04	286,425,742	66,588,840	353,014,582
2004-05	288,237,479	63,784,690	352,022,169
2005-06	296,212,424	63,859,714	360,072,138
2006-07	276,700,306	61,128,236	337,828,542

Source: HdL Coren & Cone.

Ormond Beach Assessment Appeals. One assessment appeal is pending within the Ormond Beach Project Area. Public Storage Institutional Fund III has filed an assessment appeal of the property's fiscal year 2004-05 valuation. The property owner seeks a reduction of \$547,974 on total assessed value of \$5,297,974, a reduction of 10.34%. No estimate of loss due to this pending appeal has been incorporated into the projection of Tax Revenue.

Major Taxpayers in Ormond Beach Project Area. The combined assessed value of the property owned by the top ten property taxpayers in the Ormond Beach Project Area for fiscal year 2006-07 is approximately \$304,966,140, which represents approximately 90.27% of the total assessed value of the Ormond Beach Project Area for such tax year. The following table details the ranking, by assessed value, of the top ten taxpayers in the Ormond Beach Project Area.

**Table 3
Ormond Beach Project Area
Ten Largest Property Tax Payers
Fiscal Year 2006-07**

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value ⁽¹⁾</u>	<u>Percentage of Total Incremental Assessed Value ⁽²⁾</u>
Reliant Energy Ormond Beach	\$141,665,833	41.93%	54.86%
Weyerhaeuser Company	51,828,300	15.34	20.07
BMW of North America	42,070,446	12.45	16.29
Pacific Vehicle Processors Inc.	27,611,914	8.17	10.69
Cook Composites/Polymers Co.	12,223,005	3.62	4.73
Aluminum Precision Products	8,571,220	2.54	3.32
Western Craft Corporation	6,209,376	1.84	2.40
Public Storage Institutional Fund III	5,538,296	1.64	2.14
Walter E. & Sally J. Hartman Trust	4,721,409	1.40	1.83
Paul D. Porteous Trust	<u>4,526,341</u>	<u>1.34</u>	<u>1.75</u>
Total	\$304,966,140	90.27%	118.09%

(1) Total assessed value in the Ormond Beach Project Area is approximately \$337,828,542.

(2) Total incremental assessed value represents the assessed value of the property in the Ormond Beach Project Area in excess of the base year assessed value of such property. The base year assessed value for the Ormond Beach Project Area is \$79,577,741, and the incremental value for fiscal year 2006-07 is \$258,250,801.

Source: HdL Coren & Cone.

Tax Rates in Ormond Beach Project Area. The Ormond Beach Project Area includes a total of 30 tax rate areas ("TRAs"), of which 20 contain taxable assessed value and/or base year assessed value. All TRAs within the Ormond Beach Project Area have the same tax rates, which are set forth in the table below. The fiscal year 2006-07 secured and unsecured tax rates shown in the following table have been used to project tax revenues for the Ormond Beach Project Area.

**Table 4
Ormond Beach Project Area
Tax Rates**

<u>Taxing Agency</u>	<u>2006-07 Secured Tax Rate</u>	<u>2006-07 Unsecured Tax Rates</u>
General Levy	1.000000%	1.000000%
City of Oxnard District I	0.076637	0.076637
Metropolitan Water District	<u>0.004700</u>	<u>0.005200</u>
Total Tax Rate	1.081337%	1.081837%

Source: HdL Coren & Cone.

Ormond Beach Redevelopment Plan Limitations. The current redevelopment plan limits for the Ormond Beach Project Area are summarized in the following table. See also "LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations."

Table 5
Ormond Beach Project Area
Ormond Beach Redevelopment Plan Limitations

<u>Last Date to Incur New Debt</u>	<u>Expiration Date of Ormond Beach Redevelopment Plan</u>	<u>Last Date to Repay Debt</u>	<u>Cumulative Tax Increment Limit</u>	<u>Limit on Bonded Debt Outstanding</u>
January 1, 2014	November 21, 2025	November 21, 2035	\$343.2 million	\$148.6 million

Source: HdL Coren & Cone.

Tax Sharing Obligations in Ormond Beach Project Area. The Commission has previously entered into tax sharing agreements with the Oxnard Union High School District (the “Oxnard UHSD Tax Sharing Agreement”) and the County (the “County Tax Sharing Agreement” and, together with the Oxnard UHSD Tax Sharing Agreement, the “Ormond Beach Tax Sharing Agreements”). Pursuant to the County Tax Sharing Agreement, the County receives 31.7% of the general levy portion of the Ormond Beach Tax Revenues and the Ventura County Flood Control District receives 3.0% of the general levy portion of the Ormond Beach Tax Revenues for its Flood Control District Zone 2 and 0.3% of the general levy portion of the Ormond Beach Tax Revenues for its administrative fund. Pursuant to the Oxnard UHSD Tax Sharing Agreement, the Oxnard Union High School District receives 12% of the Ormond Beach Tax Revenues; provided, however, that the payments made to the Oxnard Union High School District pursuant to the Oxnard UHSD Tax Sharing Agreement are subordinate to up to \$2 million in debt service payments on bonds issued prior to December 27, 1993, and to payment of tax sharing amounts to other Taxing Agencies. Any payments due under either of the Ormond Beach Tax Sharing Agreements that cannot be made by the Commission will be carried over to successive years when Ormond Beach Tax Revenues is sufficient to make such payments.

On July 18, 2000, the City Council adopted Ordinance No. 2527, which changed the last date to incur indebtedness under the Ormond Beach Redevelopment Plan from January 1, 2004, to January 1, 2014. The change effectuated by Ordinance No. 2527 triggered an obligation to make tax sharing payments in accordance with Section 33607.7 of the California Health and Safety Code (“Section 33607.7”) beginning in fiscal year 2004-05 to those Taxing Agencies, including the City, that have not previously entered into tax sharing agreements with the Commission. The portion of the Ormond Beach Tax Revenues that must be shared with such Taxing Agencies is determined based on two tiers, as described below. See “APPENDIX G – Fiscal Consultant’s Report” and “LIMITATIONS ON TAX REVENUES.”

The first tier tax sharing payment amount for the Ormond Beach Project Area (the “Ormond Beach First Tier Amount”) is based on tax revenue derived from the incremental difference in value between the assessed values in the Ormond Beach Project Area for the adjusted base year of fiscal year 2003-04 and the assessed value in each subsequent fiscal year. The Ormond Beach First Tier Amount is equal to 25% of the tax revenue derived from the incremental difference in value between the assessed values in the Ormond Beach Project Area for the adjusted base year of fiscal year 2003-04 and the assessed value in each subsequent fiscal year, less amounts set aside for low- and moderate-income housing. The payments are to be made to all affected taxing entities within the Ormond Beach Project Area, including the City, except that no payments shall be made to any taxing entity that has entered into a tax sharing agreement with the Commission. The projections of Ormond Beach Tax Revenues set forth herein assume that the City has elected to receive its share of the Ormond Beach First Tier Amount.

The second tier tax sharing payment amount for the Ormond Beach Project Area (the “Ormond Beach Second Tier Amount”) begins in fiscal year 2014-15, which is the eleventh year after the Commission exceeds the original time limit on incurrence of new debt with respect to the Ormond Beach Project Area. The Ormond Beach Second Tier Amount is calculated using fiscal year 2013-14 as an adjusted base year value, and is 21% of the revenue derived from the incremental difference in the adjusted base year value and the values in each subsequent fiscal year less amounts set-aside for low and moderate income housing. Neither the City nor taxing entities that have entered into tax sharing agreements are entitled to receive any portion of the Ormond Beach Second Tier Amount.

Section 33607.5(e) of the Redevelopment Law specifies a procedure whereby the Commission may request subordination of the statutory tax sharing payments to payment of debt service on the Ormond Beach Bonds by all of the Ormond Beach Project Area’s taxing entities that are entitled to a portion of the tax sharing payments required under Section 33607.7 of the Redevelopment Law. As part of this request, the Commission must provide substantial evidence to the taxing entities that it will have sufficient funds to make the debt service payments on the Ormond Beach Bonds as well as making the required statutory tax sharing payments.

The taxing entities may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination, or they may disapprove the subordination request. A taxing entity may disapprove a subordination request only if it believes based on substantial evidence that the Commission’s financial estimates are incorrect and that the Commission will not be able to make debt service and the tax sharing payments. The Commission has sought and received this subordination from the affected taxing entities. As a result of receiving this subordination authority, the tax sharing payments will be subordinate to the payment of debt service on the Ormond Beach Bonds.

Proposed Improvements in Ormond Beach Project Area. The Commission intends to utilize a portion of the proceeds from the sale of the Ormond Beach Bonds and any moneys available in the Redevelopment Fund established under the Ormond Beach Acquired Obligations Indenture to finance various infrastructure improvements in the Ormond Beach Project Area. The Commission currently expects that such improvements will be comprised primarily of street improvements.

Historical Tax Revenues; Tax Increment Limits. The Ventura County Auditor-Controller (the “Auditor-Controller”) does not currently maintain records of the cumulative amount of Ormond Beach Tax Revenues. However, based on available historical values and the projected Ormond Beach Tax Revenues provided by the Commission (see the table below entitled “Ormond Beach Project Area – Historical Tax Revenues” and the table below entitled “Ormond Beach Project Area – Projected Tax Revenues and Debt Service Coverage”), HdL Coren & Cone, Diamond Bar, California, as fiscal consultant (the “Fiscal Consultant”), has concluded that it is unlikely that the limitations on tax increment contained in the Ormond Beach Redevelopment Plan will ever be exceeded. See “LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations.”

The following table details the historical Ormond Beach Tax Revenues from fiscal year 2003-04 through fiscal year 2005-06.

Table 6
Ormond Beach Project Area
Historical Tax Revenues
Fiscal Years 2003-04 through 2005-06

<u>Fiscal Year</u>	<u>Total Tax Revenues</u>
2003-04	\$3,044,419
2004-05	2,978,205
2005-06	3,065,368

Source: HdL Coren & Cone.

Projected Ormond Beach Tax Revenues and Debt Service Coverage. The Fiscal Consultant has prepared a report (the “Fiscal Consultant’s Report”) containing projections of Tax Revenues and other information pertaining to the Project Areas, including the Ormond Beach Project Area. The Fiscal Consultant’s Report is attached to this Official Statement as Appendix G. The Commission believes that the assumptions on 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.” Therefore, the actual Ormond Beach Tax Revenues received during the forecast period for the Ormond Beach Project Area may vary from the projections and the variations may be material. Investors should read the entire Fiscal Consultant’s Report set forth in Appendix G.

The following table details the projected Ormond Beach Tax Revenues for the Fiscal Years 2006-07 through 2016-17. See also “APPENDIX G – Fiscal Consultant’s Report.”

Table 7
Ormond Beach Project Area
Projected Tax Revenues and Debt Service Coverage
Fiscal Years 2006-07 through 2016-17
(000’s omitted)

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Taxable Values (1)											
Real Property (2)	\$313,005	\$319,386	\$325,773	\$332,289	\$338,935	\$345,713	\$352,628	\$359,680	\$366,874	\$374,211	\$381,696
Personal Property (3)	<u>24,824</u>										
Total Projected Value	\$337,829	\$344,210	\$350,597	\$357,113	\$363,759	\$370,537	\$377,452	\$384,504	\$391,698	\$399,035	\$406,519
Taxable Value Over Base (\$79,578)	\$258,251	\$264,632	\$271,020	\$277,535	\$284,181	\$290,960	\$297,874	\$304,926	\$312,120	\$319,457	\$326,942
Gross Tax Increment Revenues (4)	2,793	2,862	2,931	3,001	3,073	3,146	3,221	3,297	3,375	3,454	3,535
Unitary Tax Revenues (5)	<u>3</u>										
Gross Revenues	\$2,796	\$2,864	\$2,934	\$3,004	\$3,076	\$3,149	\$3,224	\$3,300	\$3,378	\$3,457	\$3,538
LESS:											
SB 2557 Administrative Fee (6)	(27)	(28)	(29)	(29)	(30)	(31)	(32)	(32)	(33)	(34)	(35)
Housing Set-Aside Requirement (7)	(559)	(573)	(587)	(601)	(615)	(630)	(645)	(660)	(676)	(691)	(708)
County Collection Charge (8)	(7)	(7)	(7)	(8)	(8)	(8)	(8)	(8)	(8)	(9)	(9)
Tax Sharing Payments:											
Oxnard Union High School District (9)	(335)	(344)	(352)	(360)	(369)	(378)	(387)	(396)	(405)	(415)	(425)
Ventura County General Fund (10)	(820)	(840)	(860)	(881)	(902)	(923)	(945)	(968)	(990)	(1,014)	(1,037)
Ventura County Flood Control District (11)	<u>(85)</u>	<u>(87)</u>	<u>(90)</u>	<u>(92)</u>	<u>(94)</u>	<u>(96)</u>	<u>(98)</u>	<u>(101)</u>	<u>(103)</u>	<u>(106)</u>	<u>(108)</u>
Tax Revenues	\$962	\$985	\$1,009	\$1,033	\$1,058	\$1,083	\$1,109	\$1,135	\$1,162	\$1,189	\$1,217
Debt Service	\$226	\$349	\$345	\$346	\$346	\$347	\$347	\$347	\$347	\$346	\$346
Debt Service Coverage (12)	425%	276%	279%	278%	278%	277%	277%	277%	277%	278%	278%

(1) Taxable values as reported by Ventura County.

(2) Real property consists of land and improvements. Increased for inflation at 2% annually and for transfers of ownership as shown in Table 5.

(3) Personal property is held constant at 2006-07 level.

(4) Projected Gross Tax Increment is based on incremental taxable values factored against an assumed Project tax rate and adjusted for indebtedness approved by voters after 1988. The assumed future tax rates remain constant at \$1.081337 per \$100 of taxable value.

(5) Unitary Revenue as reported by Ventura County for 2005-06.

(6) SB 2557 Administrative cost is estimated at 0.98% 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) Oxnard Union High School District receives 12% of total tax increment revenue. Payments to the District are subordinate to the Agency’s retention of up to \$2 million for payment of debt service on bonds issued prior to December 27, 1993, and to make tax sharing payments to other taxing entities. Payments not made to the District will be carried over to successive years when revenue is sufficient to pay all obligations. Payment shown has not been adjusted for debt service obligations or tax sharing payments.

(10) Ventura County General Fund receives 31.7% of general levy tax increment revenue.

(11) Ventura County Flood Control District receives 3% of general levy tax increment revenue for Flood Control District Zone 2 and 0.3% of general levy tax increment revenue for the Flood Control District Administration Fund.

(12) Debt service coverage calculated based upon tax revenues for fiscal year 2006-07 only.

Source: HdL Coren & Cone (except for the information in the rows entitled “Debt Service” and “Debt Service Coverage,” which was provided by Underwriter).

Southwinds Project Area

The Southwinds Redevelopment Plan. The City Council approved the original redevelopment plan for the Southwinds Project Area (the “Original Southwinds Redevelopment Plan”) pursuant to Ordinance No. 2040, adopted June 18, 1985. Pursuant to Ordinance No. 2345, adopted November 8, 1994, and Ordinance No. 2479, adopted January 12, 1999, the City Council amended the Original Southwinds Redevelopment Plan to incorporate plan limits required by AB 1290 and to impose operative dates and financial limits, respectively. Pursuant to Ordinance No. 2528, adopted July 18, 2000, the City Council approved the Amended and Restated Redevelopment Plan for the Southwinds Redevelopment Project (the “Southwinds Redevelopment Plan”). The Southwinds Redevelopment Plan was further amended by Ordinance No. 2647, adopted February 3, 2004. The Southwinds Redevelopment Plan, as amended, is currently effective until June 17, 2026, which date is 41 years after the date of adoption of the Original Southwinds Redevelopment Plan. Pursuant to the Southwinds Redevelopment Plan, the last date on which the Commission may repay indebtedness with tax increment generated within the Southwinds Project Area is June 17, 2036, which date is 51 years after the date of adoption of the Original Southwinds Redevelopment Plan.

Description of Southwinds Project Area. The Southwinds Project Area encompasses approximately 131 acres in the City, located west of Saviers Road, north of Hueneme Road, east of J Street, and south of Pleasant Valley Road. All real property in the Southwinds Project Area that is owned or acquired by the Commission is subject to the controls and restrictions of the Southwinds Redevelopment Plan. The Southwinds 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 Southwinds Project Area, additional specific performance and development standards may be adopted by the Commission to control and direct redevelopment activities in the Southwinds Project Area. No new improvement shall be constructed in the Southwinds Project Area, and no existing improvements therein shall be substantially modified, altered, repaired, or rehabilitated, except in accordance with the Southwinds Redevelopment Plan and with the development and design controls contained therein or imposed in accordance therewith. In addition, notwithstanding the redevelopment activities undertaking in connection with the Southwinds Redevelopment Plan, the total number of buildings and the total number of dwelling units in the Southwinds Project Area may not exceed the limitations imposed on buildings and dwelling units under the City’s General Plan.

The Southwinds Project Area contains a diverse mixture of housing development, including single-family and multifamily dwellings. Most of the existing residences were built in the early 1960s. Recently, the Commission participated in the deployment of the City’s Mobile Satellite City Hall program at Emily Ritchen Elementary School, Tierra Vista Elementary School, Rio del Norte Elementary School, and the Oxnard Performing Arts Center, as part of the a City-wide enhancement program. The Commission also recently revised the Security Fencing Program, a program to enhance the visual perceptual and aesthetic surroundings of the neighborhoods within the Southwinds Project Area, to include a newly designed fence consisting of state-of-the-art reinforced materials, and approved three Security Fencing Grants. In addition, development is currently being pursued for an approximate five-acre vacant site owned by six different entities. Redevelopment is also being undertaken for approximately 40 acres of economically obsolete retail space, office space, and guest accommodations. The City also recently assisted the Oxnard Union High School District in rehabilitating a dilapidated office building into a very successful Adult Education Campus and Vocational School that serves the Southwinds Project Area as well as the southern portion of the City.

Land Use in Southwinds Project Area. The Southwinds Project Area is primarily zoned for residential uses. There are currently 16 vacant parcels in the Southwinds Project Area. The following table summarizes current land use in the Southwinds Project Area, including the number of parcels for each type of land use and the assessed value of such parcels for fiscal year 2006-07.

Table 8
Southwinds Project Area
Land Use Summary
Fiscal Year 2006-07

<u>Category</u> ⁽¹⁾	<u>Number of Parcels</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Residential	457	\$183,248,040	92.85%
Commercial	12	9,171,219	4.65
Recreational	1	1,008,147	0.51
Institutional	1	0	0.00
Vacant Land	16	2,785,370	1.41
Exempt	6	0	0.00
Miscellaneous	<u>3</u>	<u>139,490</u>	<u>0.07</u>
Subtotal	496	\$196,352,266	99.49%
Unsecured	⁽²⁾	<u>1,007,829</u>	<u>0.51</u>
Total		\$197,360,095	100.00%

(1) Based on County land use designations.

(2) Parcels already accounted for in other land use categories.

Source: HdL Coren & Cone.

Assessed Values in Southwinds Project Area. The assessed values of the property within the Southwinds Project Area have grown steadily during the ten year period beginning in fiscal year 1996-97, and that growth has accelerated since fiscal year 2003-04. The primary reason for such sustained growth is the heavy concentration of residential development within the Project Area, which has accompanied increases in residential values experienced by the City and the rest of the State. The total assessed value of property in the Southwinds Project Area has grown by approximately \$104,746,737 from fiscal year 1996-97 to fiscal year 2006-07, which represents an increase of approximately 113.10%. During the past four fiscal years, the assessed value of property in the Southwinds Project Area has increased by approximately 11.14% in fiscal year 2003-04, approximately 14.32% in fiscal year 2004-05, approximately 21.56% in fiscal year 2005-06, and approximately 17.93% in fiscal year 2006-07. Such increases are reflected primarily on the secured tax roll.

The following table sets forth the actual assessed values for the Southwinds Project Area for fiscal years 1996-97 through 2006-07.

Table 9
Southwinds Project Area
Assessed Values
Fiscal Years 1996-97 through 2006-07

<u>Fiscal Year</u>	<u>Secured Assessed Value</u>	<u>Unsecured Assessed Value</u>	<u>Total Assessed Value</u>
1996-97	\$92,613,358	\$ 0	\$92,613,358
1997-98	92,702,957	0	92,702,957
1998-99	90,321,240	0	90,321,240
1999-00	91,328,635	887,710	92,216,345
2000-01	95,138,281	837,050	95,975,331
2001-02	101,004,933	994,540	101,999,473
2002-03	107,321,643	1,034,520	108,356,163
2003-04	119,384,472	1,047,050	120,431,522
2004-05	136,423,965	1,248,110	137,672,075
2005-06	166,385,423	971,480	167,356,903
2006-07	196,352,266	1,007,829	197,360,095

Source: HdL Coren & Cone.

Southwinds Assessment Appeals. There are no currently pending assessment appeals within the Southwinds Project Area. No assessment appeals have been filed within the Southwinds Project Area for fiscal years 2003-04, 2004-05, or 2005-06.

Major Taxpayers in Southwinds Project Area. The combined assessed value of the property owned by the top ten property taxpayers in the Southwinds Project Area for fiscal year 2006-07 is approximately \$46,756,332, which represents approximately 23.69% of the total assessed value of the Southwinds Project Area for such tax year. The following table details the ranking, by assessed value, of the top ten taxpayers in the Southwinds Project Area.

**Table 10
Southwinds Project Area
Ten Largest Property Tax Payers
Fiscal Year 2006-07**

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u> ⁽¹⁾	<u>Percentage of Total Incremental Assessed Value</u> ⁽²⁾
Sussex Holdings LLC	\$12,035,490	6.10%	8.31%
Brentwood Holdings	10,898,190	5.52	7.53
Patrick & Suzanne A. O'Toole Family Trust	4,728,720	2.40	3.27
Marc J. Brauer	3,249,675	1.65	2.24
Edward M. Welsh Trust	3,161,000	1.60	2.18
Greco-Mexica Trust	3,141,805	1.59	2.17
Miguel H. & Guadalupe Pimentel	3,002,860	1.52	2.07
Oxhead Properties LLC	2,256,382	1.14	1.56
Oxnard Hospitality Inc.	2,242,600	1.14	1.55
Maria De Jesus Rodriguez	<u>2,039,610</u>	<u>1.03</u>	<u>1.41</u>
Total	\$46,756,332	23.69%	32.29%

(1) Total assessed value in the Southwinds Project Area is approximately \$197,360,095.

(2) Total incremental assessed value represents the assessed value of the property in the Southwinds Project Area in excess of the base year assessed value of such property. The base year assessed value for the Southwinds Project Area is \$52,567,178, and the incremental value for fiscal year 2006-07 is \$144,792,917.

Source: HdL Coren & Cone.

Tax Rates in Southwinds Project Area. The Southwinds Project Area includes a total of four TRAs, of which two contain assessed value. All TRAs within the Southwinds Project Area have the same tax rates, which are set forth in the table below. The fiscal year 2006-07 secured and unsecured tax rates shown in the following table have been used to project tax revenues for the Southwinds Project Area.

**Table 11
Southwinds Project Area
Tax Rates**

<u>Taxing Agencies</u>	<u>2006-07 Secured Tax Rate</u>	<u>2006-07 Unsecured Tax Rates</u>
State (General Levy)	1.000000%	1.000000%
City of Oxnard District I	0.076637	0.076637
Metropolitan Water District	<u>0.004700</u>	<u>0.005200</u>
Total Tax Rate	1.081337%	1.081837%

Source: HdL Coren & Cone.

Southwinds Redevelopment Plan Limitations. The current redevelopment plan limits for the Southwinds Project Area are summarized in the following table. See also "LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations."

**Table 12
Southwinds Project Area
Southwinds Redevelopment Plan Limitations**

<u>Last Date to Incur New Debt</u>	<u>Expiration Date of Southwinds Redevelopment Plan</u>	<u>Last Date to Repay Debt</u>	<u>Cumulative Tax Increment Limit</u>	<u>Limit on Bonded Debt Outstanding</u>
June 17, 2015	June 17, 2026	June 17, 2036	\$122.5 million	\$50.997 million

Source: HdL Coren & Cone.

Tax Sharing Agreements in Southwinds Project Area. The Commission has previously entered into a settlement agreement (the “Southwinds Settlement Agreement”) with the County, the Ventura County Flood Control District, and the United Water Conservation District to resolve litigation filed by such Taxing Agencies at the time that the Southwinds Redevelopment Plan was adopted. The Southwinds Settlement Agreement provides, among other things, as follows: (i) the Commission will retain 100% of annual Southwinds Tax Revenues up to \$853,000 and (ii) annual Southwinds Tax Revenues from \$853,001 to \$1,331,000 will be divided between the County, the Ventura County Flood Control District, and the United Water Conservation District proportionately to their respective shares of property tax revenues in the 1984-85 base year. The following table illustrates the division of annual Southwinds Tax Revenues of \$853,001 to \$1,331,000 to the aforementioned Taxing Agencies as directed by the Settlement Agreement:

Table 13
Southwinds Project Area
Division of Annual Southwinds Tax Revenues
(\$853,001 to \$1,331,000)
Pursuant to Settlement Agreement

<u>Taxing Agency</u>	<u>1984-85 Percentages</u>	<u>Proportional Percentages</u>
County	31.5%	87.74%
Flood Control District Administration	0.3	0.84
Flood Control District Zone Z	2.9	8.08
United Water Conservation District	1.2	3.34
Total		100.00%

Source: HdL Coren & Cone.

The Settlement Agreement further provides that Southwinds Tax Revenues in excess of \$1,331,000 will be divided among the parties to the Settlement Agreement as follows: (i) 64.1% to the Commission; (ii) 34.7% to the County; and (iii) 1.2% to the United Water Conservation District. The County share includes amounts that are to be allocated to the Ventura County Flood Control District accounts.

On July 18, 2000, the City Council adopted Ordinance No. 2528, which changed the last date to incur indebtedness under the Southwinds Redevelopment Plan from June 17, 2005, to June 17, 2015. The change effectuated by Ordinance No. 2528 triggered an obligation to make tax sharing payments under Section 33607.7 beginning in fiscal year 2005-06 to those Taxing Agencies, including the City, that have not previously entered into tax sharing agreements with the Commission. The portion of the Southwinds Tax Revenues that must be shared with such Taxing Agencies is determined based on two tiers, as described below. See “APPENDIX G – Fiscal Consultant’s Report” and “LIMITATIONS ON TAX REVENUES.”

The first tier tax sharing payment amount for the Southwinds Project Area (the “Southwinds First Tier Amount”) is based on tax revenue derived from the incremental difference in value between the assessed values in the Southwinds Project Area for the adjusted base year of fiscal year 2004-05 and the assessed value in each subsequent fiscal year. The Southwinds First Tier Amount that the Commission is obligated to pay is equal to 25% of the tax revenue derived from the incremental difference in value between the assessed values in the Southwinds Project Area for the adjusted base year and the assessed value in each subsequent fiscal year, less amounts set aside for low- and moderate-income housing. The payments are to be made to all affected taxing entities within the Southwinds Project Area, including the City, except that no payments shall be made to any taxing entity that has entered into a tax sharing agreement with the Commission. The projections of Southwinds Tax Revenues set forth herein assume that the City has elected to receive its share of the Southwinds First Tier Amount.

The second tier tax sharing payment amount for the Southwinds Project Area (the “Southwinds Second Tier Amount”) begins in fiscal year 2015-16, which is the eleventh year after the Commission exceeds the original time limit on incurrence of new debt with respect to the Southwinds Project Area. The Southwinds Second Tier Amount is calculated using the assessed values for fiscal year 2014-15 as an adjusted base year value, and is 21% of the revenue derived from the incremental difference in the second tier adjusted base year value and the values in each subsequent fiscal year less amounts set aside for low and moderate income housing. Neither the City nor

taxing entities that have entered into tax sharing agreements are entitled to receive any portion of the Southwinds Second Tier Amount.

Section 33607.5(e) of the Redevelopment Law specifies a procedure whereby the Commission may request subordination of the statutory tax sharing payments to payment of debt service on the Southwinds Bonds by all of the Southwinds Project Area’s taxing entities that are entitled to a portion of the tax sharing payments required under Section 33607.7 of the Redevelopment Law. As part of this request, the Commission must provide substantial evidence to the taxing entities that it will have sufficient funds to make the debt service payments on the Southwinds Bonds as well as making the required statutory tax sharing payments.

The taxing entities may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination, or they may disapprove the subordination request. A taxing entity may disapprove a subordination request only if it believes based on substantial evidence that the Commission’s financial estimates are incorrect and that the Commission will not be able to make debt service and the tax sharing payments. The Commission has sought and received this subordination from the affected taxing entities. As a result of receiving this subordination authority, the tax sharing payments will be subordinate to the payment of debt service on the Southwinds Bonds.

Proposed Improvements in Southwinds Project Area. The Commission intends to utilize a portion of the proceeds from the sale of the Southwinds Bonds and any moneys available in the Redevelopment Fund established under the Southwinds Acquired Obligations Indenture to finance various infrastructure improvements in the Southwinds Project Area. The Commission currently expects that such improvements will be comprised primarily of street improvements.

Historical Southwinds Tax Revenues; Tax Increment Limits. The Auditor-Controller does not currently maintain records of the cumulative amount of Southwinds Tax Revenues. However, based on available historical values and the projected Southwinds Tax Revenues provided by the Commission (see the table below entitled “Southwinds Project Area – Historical Tax Revenues” and the table below entitled “Southwinds Project Area – Projected Tax Revenues and Debt Service Coverage” below), the Fiscal Consultant has concluded that it is unlikely that the limitations on Southwinds Tax Revenues contained in the Southwinds Redevelopment Plan will ever be exceeded. See “LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations.”

The following table details the historical Southwinds Tax Revenues from fiscal year 2003-04 through fiscal year 2005-06.

Table 14
Southwinds Project Area
Historical Tax Revenues
Fiscal Years 2003-04 through 2005-06

<u>Fiscal Year</u>	<u>Total Tax Revenues</u>
2003-04	\$ 806,847
2004-05	1,076,474
2005-06	1,530,512

Source: HdL Coren & Cone.

Projected Southwinds Tax Revenues and Debt Service Coverage. The Fiscal Consultant has prepared the Fiscal Consultant’s Report containing projections of Tax Revenues and other information pertaining to the Project Areas, including the Southwinds Project Area. The Fiscal Consultant’s Report is attached to this Official Statement as Appendix G. The Commission believes that the assumptions on 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.” Therefore, the actual Southwinds Tax Revenues received during the forecast period for the Southwinds Project Area may vary from the projections and the variations may be material. Investors should read the entire Fiscal Consultant’s Report set forth in Appendix G.

The following table details the projected Southwinds Tax Revenues for the Fiscal Years 2006-07 through 2016-17. See also “APPENDIX G – Fiscal Consultant’s Report.”

Table 15
Southwinds Project Area
Projected Tax Revenues and Debt Service Coverage
Fiscal Years 2006-07 through 2016-17
(000’s omitted)

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Taxable Values (1)											
Real Property (2)	\$196,758	\$203,721	\$207,796	\$211,952	\$216,191	\$220,514	\$224,925	\$229,423	\$234,012	\$238,692	\$243,466
Personal Property (3)	602	602	602	602	602	602	602	602	602	602	602
Total Projected Value	\$197,360	\$204,324	\$208,398	\$212,554	\$216,793	\$221,117	\$225,527	\$230,026	\$234,614	\$239,294	\$244,068
Taxable Value over Base (\$52,567)	\$144,793	\$151,757	\$155,831	\$159,987	\$164,226	\$168,550	\$172,960	\$177,458	\$182,047	\$186,727	\$191,501
Gross Tax Increment Revenue (4)	1,574	1,650	1,694	1,738	1,784	1,831	1,878	1,927	1,976	2,027	2,078
Unitary Tax Revenues (5)	6	6	6	6	6	6	6	6	6	6	6
Gross Revenues	\$1,581	\$1,656	\$1,700	\$1,745	\$1,790	\$1,837	\$1,885	\$1,933	\$1,983	\$2,033	\$2,081
LESS:											
SB 2557 Administrative Fee (6)	(17)	(17)	(18)	(18)	(19)	(19)	(20)	(20)	(21)	(21)	(22)
Housing Set Aside Requirement (7)	(316)	(331)	(340)	(349)	(358)	(367)	(377)	(387)	(397)	(407)	(417)
County Collection Fee (8)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(5)
County General Fund (9)	(506)	(532)	(547)	(563)	(579)	(595)	(611)	(628)	(645)	(663)	(681)
County Flood Control Administration (9)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)
County Flood Control District Zone 2 (9)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
United Water Conservation District (9)	(19)	(20)	(20)	(21)	(21)	(22)	(23)	(23)	(24)	(24)	(25)
Tax Revenues	\$676	\$709	\$727	\$747	\$766	\$786	\$806	\$827	\$848	\$870	\$892
Debt Service	\$132	\$201	\$198	\$196	\$199	\$196	\$198	\$201	\$198	\$199	\$196
Debt Service Coverage (10)	514%	337%	341%	345%	340%	345%	341%	337%	342%	339%	345%

(1) Taxable values as reported by Ventura County.

(2) Real property consists of land and improvements. Increased for inflation at 2% annually and for transfers of ownership as shown in Table 5.

(3) Personal property is held constant at 2006-07 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 remain constant at \$1.081837 per \$100 of taxable value.

(5) Unitary Revenue as reported by Ventura County for 2005-06.

(6) SB 2557 Administrative cost is estimated at 1.05% 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) Pursuant to a settlement agreement reached between the Commission, the County and the United Water Conservation District, the Commission is entitled to all of the first \$853,000 of tax increment revenue in any fiscal year. Tax revenues between \$853,001 and \$1,331,000 are divided between the County, the County Flood Control District and the United Water Conservation District in proportions based on the ratio of tax dollars received by these entities in the base year. Annual tax revenues above \$1,331,000 are to be divided with 64.1% going to the Commission, 34.7% going to the County and Flood Control District and 1.2% going to the United Water Conservation District.

(10) Debt service coverage calculated based upon tax revenues for fiscal year 2006-07 only.

Source: HdL Coren & Cone (except for the information in the rows entitled “Debt Service” and “Debt Service Coverage,” which was provided by Underwriter)..

HERO Project Area

The HERO Redevelopment Plan. The City Council approved the original redevelopment plan for the HERO Project Area (the “Original HERO Redevelopment Plan”) pursuant to Ordinance No. 2462, adopted April 7, 1998, and amended the Original HERO Redevelopment Plan on February 3, 2004, pursuant to Ordinance No. 2645. Pursuant to Ordinance No. 2653, adopted March 23, 2004, the City Council approved the Amended and Restated Redevelopment Plan for the HERO Redevelopment Project (the “HERO Redevelopment Plan”). In addition to adopting the HERO Redevelopment Plan, Ordinance No. 2653 approved the addition of 84.52 acres (the “HERO Added Area”) to the original approximately 2,117 acres in the HERO Project Area (the “Original HERO Project Area”). The HERO Redevelopment Plan is currently effective (i) with respect to the Original HERO Project Area, until April 7, 2029, which date is 31 years after the date of adoption of the Original HERO Redevelopment Plan, and (ii) with respect to the HERO Added Area, until March 22, 2034, which date is 30 years after the date of adoption of the HERO Redevelopment Plan. Pursuant to the HERO Redevelopment Plan, (i) the last date on which the Commission may repay indebtedness with tax increment generated within the Original HERO Project Area is April 7, 2044, which date is 46 years after the date of adoption of the Original HERO Redevelopment Plan, and (ii) the last date on which the Commission may repay indebtedness with tax increment generated within the HERO Added Area is March 22, 2049, which date is 45 years after the date of adoption of the HERO Redevelopment Plan.

Description of HERO Project Area. The HERO Project Area is comprised of a number of non-contiguous parcels located in the north, south, east, and west areas of the City, covering approximately 2,202 acres. All real property in the HERO Project Area that is owned or acquired by the Commission is subject to the controls and restrictions of the HERO Redevelopment Plan. The HERO 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 HERO Project Area, additional specific performance and development standards may be adopted by the Commission to control and direct redevelopment activities in the HERO Project Area. No new improvement shall be constructed in the HERO Project Area, and no existing improvements therein shall be substantially modified, altered, repaired, or rehabilitated, except in accordance with the HERO 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 HERO Redevelopment Plan, the total number of buildings and the total number of dwelling units in the HERO Project Area may not exceed the limitations imposed on buildings and dwelling units under the City’s General Plan.

During the last 50 years, development in the HERO Project Area has included commercial office, retail, industrial, and residential development, as well as improvements along portions of major arterials streets, including Oxnard Boulevard, Saviers Road, Rose Avenue, Ventura Road, and Ventura Boulevard. Some of the prominent developments within the HERO Project Area include a number of older shopping centers, such as Wagon Wheel, Carriage Square, Pleasant Valley, Channel Islands, College Park, and the former Levitz site. Many of these shopping centers are in various stages of redevelopment. The Esplanade, originally an indoor regional shopping mall built in 1969, was recently redeveloped into a 500,000 square foot power center. The Marketplace, originally built in the early 1990s, was recently remodeled to feature Fry’s Electronics. Rose Park and Blackstock North are residential neighborhoods located within the HERO Project Area that were built during the period from 1950 through the 1970s. The Cypress neighborhood, built in the same period as Rose Park and Blackstock, primarily consists of residential and agribusiness uses and is experiencing significant residential redevelopment.

The Commission has entered into an owner participation agreement (the “Riverpark Agreement”) with the developers of the Riverpark development (the “Riverpark Development”), which is located partially within the HERO Project Area. The Riverpark Development is a mixed used development currently under construction on a site located north of the 101 Freeway and west of Vineyard Avenue. Pursuant to the Riverpark Agreement, the Commission is required to reimburse the developer of the Riverpark Development for certain improvements that are mandated by the applicable development plan. Payments under the Riverpark Agreement are limited to a maximum of \$10 million and are to be made from a 35% portion of general property tax revenues generated by the Riverpark Development (after deducting the required set-aside amount for the applicable Housing Fund, the applicable tax sharing payment amounts; and any required ERAF (as defined below) payments). Payments under the Riverpark Agreement are subordinate to the payment of debt service on any current or future bonded indebtedness of the Commission, including debt service on the HERO Bonds.

Land Use in HERO Project Area. The HERO Project Area is primarily zoned for residential uses, but also includes sizeable commercial and industrial components. There are currently 128 vacant parcels in the HERO Project Area. The following table summarizes current land use in the HERO Project Area, including the number of acres for each type of land use and the assessed value of such acres for fiscal year 2006-07.

**Table 16
HERO Project Area
Land Use Summary
Fiscal Year 2006-07**

<u>Category</u> ⁽¹⁾	<u>Number of Parcels</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Residential	2,133	\$ 472,053,527	34.38%
Commercial	332	476,343,949	34.70
Industrial	162	176,306,952	12.84
Irrigated Farm	2	407,891	0.03
Recreational	9	6,541,096	0.48
Institutional	26	2,690,615	0.20
Vacant Land	128	114,580,821	8.35
Exempt	116	0	0.00
Miscellaneous	32	4,344,084	0.32
Subtotal	2,940	\$1,253,268,935	91.29%
SBE Non-Unitary	⁽²⁾	228,524	0.01
Unsecured	⁽²⁾	119,373,800	8.70
Subtotal		\$119,602,324	8.71%
Total		\$1,372,871,259	100.00%

(1) Based on County land use designations.

(2) Parcels already accounted for in other land use categories.

Source: HdL Coren & Cone.

Assessed Values in HERO Project Area. The HERO Project Area's base year is fiscal year 1997-98, and the property within the HERO Added Area first became eligible to receive tax increment revenues in fiscal year 2005-06. The collection of HERO Tax Revenues was initially inhibited due to the inadvertent inclusion by the County Assessor of 362 parcels within the HERO Project Area in fiscal years 1999-00 and 2000-01 that did not belong in the Project Area. Consequently, the Commission was allocated approximately \$2.14 million in tax increment revenues for those fiscal years to which it was not entitled. The Commission discovered the error after it was credited for such tax increment revenues and notified the County. The County corrected the error by withholding all HERO Tax Revenues from the Commission until the overpayment was recovered. The recovery was completed in January 2004, and the Commission has received allocations of HERO Tax Revenues since that time.

During the four-year period from fiscal year 1999-00 to fiscal year 2004-05, the assessed values of the property within the HERO Project Area increased by approximately \$416,332,075 (approximately 73.0%), with double digit growth in assessed value in each fiscal year during that period except fiscal year 2003-04, during which fiscal year the assessed value grew by 5.76%. The Commission has attributed such increase in assessed value in part to the growth in residential and commercial values within the HERO Project Area during such period. Assessed values of property within the HERO Project Area during fiscal year 2005-06 were approximately \$240,377,146 (24.36%) higher than assessed values for such property during fiscal year 2004-05. Of such increase, approximately \$177,113,223 (17.95%) was attributable to growth within the Original HERO Project Area, and approximately \$63,300,000 (6.41%) was attributable to growth within the HERO Added Area. The 2006-07 tax roll indicated an increase in assessed value of the property within the HERO Project Area of approximately \$145,879,096 (11.89%) over fiscal year 2005-06. This resulted in an increase in incremental value of approximately 27.37%. Unsecured values within the HERO Project Area decreased by approximately \$22,196,795 from 2005-06 to 2006-07, which decrease was primarily the result of a reassignment of cogeneration facility fixture value from the unsecured roll to the secured roll.

The following table sets forth the actual assessed values for the HERO Project Area for fiscal years 1999-00 through 2006-07.

Table 17
HERO Project Area
Assessed Values
Fiscal Years 1999-00 through 2006-07

<u>Fiscal Years</u>	<u>Secured Assessed Values</u>	<u>Unsecured Assessed Values</u>	<u>Total Assessed Values</u>
1999-00	\$567,863,912	\$2,419,030	\$570,282,942
2000-01	548,660,070	80,770,609	629,430,679
2001-02	643,811,599	86,452,003	730,263,602
2002-03	743,274,363	79,019,778	822,294,141
2003-04	787,721,871	81,938,084	869,659,955
2004-05	897,139,109	89,475,908	986,615,017
2005-06 ⁽¹⁾	1,085,421,568	141,570,595	1,226,992,163
2006-07 ⁽¹⁾	1,253,497,459	119,373,800	1,372,871,259

(1) Values reflect the addition of the HERO Added Area.
Source: HdL Coren & Cone.

HERO Assessment Appeals. Within the HERO Project Area one assessment appeal is pending for fiscal year 2004-05 and 35 assessment appeals are pending for fiscal year 2005-06. The assessment appeal for fiscal year 2004-05 was filed by KIR Oxnard and seeks a reduction of \$3,231,299 on an assessed value of \$13,231,299, a reduction of 24.4%. The 35 appeals for fiscal year 2005-06 seek an aggregate reduction of \$81.7 million on assessed values of \$127.2 million, a reduction of 64.2%.

Of the 35 appeals in the HERO Project Area for fiscal year 2005-06, 26 have been filed by Riverpark A LLC (“Riverpark A”), the HERO Project Area’s second largest taxpayer. The properties under appeal possess land value only and are undeveloped. Riverpark A filed similar appeals on the same properties for fiscal year 2004-05, but ultimately withdrew such applications. The fiscal year 2005-06 appeals seek a reduction of \$51,560,590 on assessed values totaling \$58,207,590, a reduction of 88.6%. One other top ten taxpayer has a pending assessment appeal for fiscal year 2005-06: Primary Energy Holdings LLC (predecessor to EF Oxnard LLC) filed an assessment appeal seeking to reduce its fiscal year 2005-06 unsecured personal property value of \$34,207,700 to \$13,219,700. This reduction of \$20,988,000 (61.4%) would take the personal property value of this owner to a point well below the level of value that has been enrolled for these improvements in any year for which data is available. Other notable assessment appeals were filed by Arden Realty, seeking a 31.7% reduction on assessed value of \$15,521,530, and by Advanced Metalforming, seeking a 61.6% reduction on unsecured assessed value of \$11,400,400. No estimate of loss due to these pending appeals has been incorporated into the projection of Tax Revenues for the HERO Project Area set forth herein.

Major Taxpayers in HERO Project Area. The combined assessed value of the property owned by the top ten property tax payers in the HERO Project Area for fiscal year 2006-07 is approximately \$309,723,554, which represents approximately 22.56% of the total assessed value of the HERO Project Area for such tax year. The following table details the ranking, by assessed value, of the top ten taxpayers in the HERO Project Area.

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Table 18
HERO Project Area
Ten Largest Property Tax Payers
Fiscal Year 2006-07

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value ⁽¹⁾</u>	<u>Percentage of Total Incremental Assessed Value ⁽²⁾</u>
Centro Watt Operating LLC	\$49,090,231	3.58%	7.23%
Riverpark A LLC	48,249,354	3.51	7.11
EF Oxnard LLC	42,696,100	3.11	6.29
Oxnard Village Investment LLC	33,599,619	2.45	4.95
Centex Homes	27,678,821	2.02	4.08
Oxnard Center Company	25,256,255	1.84	3.72
CMF Inc.	25,076,617	1.83	3.69
Boskovich Farms Inc.	20,951,698	1.53	3.09
HD Development of Maryland Inc.	20,374,859	1.48	3.00
UCM/Cadence Vineyard Plaza	<u>16,750,000</u>	<u>1.22</u>	<u>2.47</u>
Total	\$309,723,554	22.56%	45.63%

(1) Total assessed value in the HERO Project Area is approximately \$1,372,871,259.

(2) Total incremental assessed value represents the assessed value of the property in the HERO Project Area in excess of the base year assessed value of such property. The base year assessed value for the HERO Project Area is \$694,037,986, and the 2006-07 incremental value is 678,833,273.

Source: HdL Coren & Cone.

Tax Rates in HERO Project Area. The HERO Project Area includes a total of 96 TRAs, of which 70 contain taxable assessed value and/or base year assessed value. Among such TRAs, four different secured tax rates, which rates are set forth in the table below. The fiscal year 2006-07 secured tax rates are shown in the following table.

Table 19
HERO Project Area
2006-07 Secured Tax Rates

Number of Applicable TRAs	10	19	40	1
Secured Incremental Value:	\$45,944,623	\$244,390,658	\$381,985,603	\$136,934
Percentage of Secured Incremental Value	6.83%	36.34%	56.80%	0.02%
General Levy	1.000000	1.000000	1.000000	1.000000
City of Oxnard District 1	0.076637	0.076637	0.076637	0.076637
Metropolitan Water District	N/A	0.004700	0.004700	N/A
Metropolitan Water District #12	N/A	N/A	N/A	N/A
Oxnard Elementary School District	<u>N/A</u>	<u>0.028600</u>	<u>N/A</u>	<u>0.028600</u>
Total Applicable Secured Tax Rate	1.076637	1.109937	1.081337	1.105237

Source: HdL Coren & Cone.

The following table describes the five different unsecured tax rates applicable to the HERO Project Area for fiscal year 2006-07. The fiscal year 2005-06 secured tax rates are the unsecured tax rates for fiscal year 2006-07. The Metropolitan Water District #12 override tax rate was changed for fiscal year 2006-07 to coincide with the rate for the rest of the Metropolitan Water District, thus eliminating one of the separate secured tax rates. It should be noted that not all of the TRAs contain unsecured assessed value. See “– Assessed Values in HERO Project Area” above.

Table 20
HERO Project Area
2006-07 Unsecured Tax Rates

Number of Applicable TRAs	10	19	38	1	2
Secured Incremental Value	\$182,860	\$11,617,419	\$12,976,959	\$11,400	\$14,720
Percentage of Secured Incremental Value	0.74%	46.84%	52.32%	0.04%	0.06%
General Levy	1.000000	1.000000	1.000000	1.000000	1.000000
City of Oxnard District 1	0.076637	0.076637	0.076637	0.076637	0.076637
Metropolitan Water District	N/A	0.005200	0.005200	N/A	N/A
Metropolitan Water District #12	N/A	N/A	N/A	N/A	0.006500
Oxnard Elementary School District	N/A	0.039100	N/A	0.035200	0.035200
Total Applicable Unsecured Tax Rate	1.076637	1.117037	1.081837	1.111837	1.118337

Source: HdL Coren & Cone.

HERO Redevelopment Plan Limitations. The current redevelopment plan limits for the HERO Project Area are summarized in the following table. See also “LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations.”

Table 21
HERO Project Area
HERO Redevelopment Plan Limitations

<u>Project Area Component</u>	<u>Last Date to Incur New Debt</u>	<u>Expiration Date of Redevelopment Plan</u>	<u>Last Date to Repay Debt</u>	<u>Cumulative Tax Increment Limit</u>	<u>Limit on Bonded Debt Outstanding</u>
Original HERO Project Area	April 7, 2018	April 7, 2029	April 7, 2044	None	
HERO Added Area	March 22, 2024	March 22, 2034	March 22, 2049	None	\$360 million

Source: HdL Coren & Cone.

Tax Sharing Obligations in Original HERO Project Area. The Original HERO Redevelopment Plan was adopted after January 1, 1994, and is therefore subject to the statutory tax sharing payments mandated under Section 33607.5. A prescribed portion of the Tax Revenues attributable to the Original HERO Project Area (the “Original HERO Tax Revenues”) must be shared with all applicable Taxing Agencies. The portion of Original HERO Tax Revenues that must be shared with such Taxing Agencies is determined based on three tiers, as described below. See “APPENDIX G – Fiscal Consultant’s Report” and “LIMITATIONS ON TAX REVENUES.”

The first tier tax sharing payment amount for the Original HERO Project Area (the “Original HERO First Tier Amount”) is 25% of the Original HERO Tax Revenues less amounts set aside for low and moderate income housing. The Original HERO First Tier Amount begins in the first fiscal year that the HERO Project Area receives tax increment revenue (*i.e.*, fiscal year 1999-00) and continues for the life of the HERO Project Area. The projections of HERO Tax Revenues set forth herein assume that the City has elected to receive its share of the Original HERO First Tier Amount.

The second tier tax sharing payment amount for the Original HERO Project Area (the “HERO Second Tier Amount”) begins in fiscal year 2009-10, which is the eleventh year after the Commission first receives Original HERO Tax Revenues. The Original HERO Second Tier Amount is 21% of the Original HERO Tax Revenues, as derived from the incremental increase in value between the current year value and the assessed values of the tenth year after the Commission first receives Original HERO Tax Revenues (*i.e.*, fiscal year 2008-09) less amounts set aside for low and moderate income housing. The City is not entitled to receive any portion of the Original HERO Second Tier Payment.

The third tier tax sharing payment amount for the Original HERO Project Area (the “Original HERO Third Tier Amount”) begins in fiscal year 2029-30, which is the thirty-first year after the Commission first receives applicable Original HERO Tax Revenues (*i.e.*, fiscal year 2029-30). The Original HERO Third Tier Amount is 14% of the Original HERO Tax Revenues, as derived from the incremental increase in assessed value between the current year value and the assessed values in the thirtieth year after the Commission first receives applicable Original HERO

Tax Revenues (*i.e.*, fiscal year 2028-29) less amounts set aside for low and moderate income housing. The City is not entitled to receive any portion of the Original HERO Third Tier Payment.

Tax Sharing Obligations in HERO Added Area. The HERO Added Area was annexed into the HERO Project Area on March 23, 2004. Although the HERO Added Area is an addition to the HERO Project Area, the HERO Added Area is subject to separate project area limitations and tax sharing obligations. A prescribed portion of the Tax Revenues attributable to the HERO Added Area (the “HERO Added Area Tax Revenues”) must be shared with all applicable Taxing Agencies. The portion of the HERO Added Area Tax Revenues that must be shared with such Taxing Agencies is determined based on three tiers, as described below. See “APPENDIX G – Fiscal Consultant’s Report” and “LIMITATIONS ON TAX REVENUES.”

The first tier tax sharing payments for the HERO Added Area (the “HERO Added Area First Tier Payments”) are calculated in the same manner as are the Original HERO Project Area First Tier Payments. See “– Tax Sharing Obligations in Original HERO Project Area” above. The projections of HERO Tax Revenues set forth herein assume that the City has elected to receive its share of the HERO First Tier Amount.

The second tier tax sharing payment amount for the HERO Added Area (the “HERO Added Area Second Tier Amount”) begins in fiscal year 2015-16 and will be calculated using the assessed values for fiscal year 2014-15 as an adjusted base year value.

The third tier tax sharing payment amount for the HERO Added Area (the “HERO Added Area Third Tier Amount”) begins in fiscal year 2035-36 and will be calculated using the assessed values for fiscal year 2034-35 as the adjusted base year value.

Section 33607.5(e) of the Redevelopment Law specifies a procedure whereby the Commission may request subordination of the statutory tax sharing payments to payment of debt service on the HERO Bonds by all of the HERO Project Area’s taxing entities that are entitled to a portion of the tax sharing payments required under Section 33607.7 of the Redevelopment Law. As part of this request, the Commission must provide substantial evidence to the taxing entities that it will have sufficient funds to make the debt service payments on the HERO Bonds as well as making the required statutory tax sharing payments.

The taxing entities may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination, or they may disapprove the subordination request. A taxing entity may disapprove a subordination request only if it believes based on substantial evidence that the Commission’s financial estimates are incorrect and that the Commission will not be able to make debt service and the tax sharing payments. The Commission has sought and received this subordination from the affected taxing entities. As a result of receiving this subordination authority, the tax sharing payments will be subordinate to the payment of debt service on the HERO Bonds.

Proposed Improvements in HERO Project Area. The Commission intends to utilize a portion of the proceeds from the sale of the HERO Bonds and any moneys available in the Redevelopment Fund established under the HERO Acquired Obligations Indenture to finance various infrastructure improvements in the HERO Project Area. The Commission currently expects that such improvements will be comprised primarily of street improvements.

Historical HERO Tax Revenues; Tax Increment Limits. The Auditor-Controller does not currently maintain records of the cumulative amount of HERO Tax Revenues. As project areas adopted after January 1, 1994, however, the Original HERO Project Area and the HERO Added Project Area are not required to establish limits on the amount of tax increment revenue they may be allocated. See “LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations.”

The following table details the historical HERO Tax Revenues generated within the HERO Project Area from fiscal year 2003-04 through fiscal year 2005-06.

Table 22
HERO Project Area
Historical Tax Revenues
Fiscal Years 2003-04 through 2005-06

<u>Fiscal Year</u>	<u>Total Tax Revenues</u>
2003-04	\$2,974,133
2004-05	4,452,883
2005-06	7,081,402

Source: HdL Coren & Cone.

Projected HERO Tax Revenues and Debt Service Coverage. The Fiscal Consultant has prepared the Fiscal Consultant’s Report containing projections of Tax Revenues and other information pertaining to the Project Areas, including the HERO Project Area. The Fiscal Consultant’s Report is attached to this Official Statement as Appendix G. The Commission believes that the assumptions on 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.” Therefore, the actual HERO Tax Revenues received during the forecast period for the HERO Project Area may vary from the projections and the variations may be material. Investors should read the entire Fiscal Consultant’s Report set forth in Appendix G.

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The following table details the projected HERO Tax Revenues for the Fiscal Years 2006-07 through 2016-17. See also “APPENDIX G – Fiscal Consultant’s Report.”

Table 23
HERO Project Area
Projected Tax Revenues and Debt Service Coverage
Fiscal Years 2006-07 through 2016-17
(000’s omitted)

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Taxable Values (1)											
Real Property (2)	\$1,296,541	\$1,340,787	\$1,367,602	\$1,394,955	\$1,422,854	\$1,451,311	\$1,480,337	\$1,509,944	\$1,540,142	\$1,570,945	\$1,602,364
Personal Property (3)	<u>76,331</u>										
Total Projected Value	\$1,372,871	\$1,417,117	\$1,443,933	\$1,471,285	\$1,499,184	\$1,527,641	\$1,556,667	\$1,586,274	\$1,616,473	\$1,647,276	\$1,678,695
Taxable Value over Base (\$694,038)	\$678,833	\$723,079	\$749,895	\$777,247	\$805,146	\$833,603	\$862,629	\$892,236	\$922,435	\$953,238	\$984,657
Gross Tax Increment Revenue (4)	7,456	7,885	8,170	8,460	8,755	9,056	9,363	9,675	9,994	10,318	10,648
Unitary Tax Revenue (5)	<u>3</u>										
Gross Revenues	\$7,459	\$7,887	\$8,172	\$8,462	\$8,758	\$9,059	\$9,366	\$9,678	\$9,996	\$10,320	\$10,650
LESS:											
SB 2557 Admin. Fee (6)	(78)	(83)	(86)	(89)	(92)	(95)	(98)	(102)	(105)	(108)	(112)
Housing Set Aside Requirement (7)	(1,492)	(1,577)	(1,634)	(1,692)	(1,752)	(1,812)	(1,873)	(1,936)	(1,999)	(2,064)	(2,130)
County Collection Charge (8)	<u>(19)</u>	<u>(20)</u>	<u>(20)</u>	<u>(21)</u>	<u>(22)</u>	<u>(23)</u>	<u>(23)</u>	<u>(24)</u>	<u>(25)</u>	<u>(26)</u>	<u>(27)</u>
Tax Revenues	\$5,870	\$6,207	\$6,432	\$6,660	\$6,892	\$7,129	\$7,371	\$7,617	\$7,867	\$8,122	\$8,382
Debt Service	\$510	\$779	\$781	\$783	\$780	\$781	\$777	\$773	\$778	\$783	\$782
Debt Service Coverage (9)	1152%	754%	751%	749%	753%	751%	755%	759%	754%	750%	751%

- (1) Taxable values as reported by Ventura County.
- (2) Real property consists of land and improvements. Increased for inflation at 2% annually and for transfers of ownership as shown in Table 5.
- (3) Personal property is held constant at 2006-07 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 remain constant at \$1.081837 per \$100 of taxable value.
- (5) Unitary Revenue as reported by Ventura County for 2005-06.
- (6) SB 2557 Administrative cost is estimated at 1.05% 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) Debt service coverage calculated based upon tax revenues for fiscal year 2006-07 only.

Source: HdL Coren & Cone (except for the information in the rows entitled “Debt Service” and “Debt Service Coverage,” which was provided by Underwriter).

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. Such 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 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 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 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 on 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. Neither the Authority nor the Commission can 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 Chapter 282 of the California 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, 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 SBE, 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 is 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 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 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 10% penalty also applies to the delinquent taxes on property on the unsecured roll and, further, an additional penalty of 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 on 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. Senate Bill No. 813 (Chapter 498, California Statutes of 1983) (“SB 813”), provided for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. SB 813 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 in this Official Statement. To the extent such supplemental assessments occur within any of the Project Areas, applicable Tax Revenues may increase.

Tax Collection Fees. Senate Bill No. 2557 (Chapter 466, California Statutes of 1990) (“SB 2557”) 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. Such costs are deducted prior to a determination of Tax Revenues for each Project Area, which are pledged to pay debt service on the Acquired Obligations and which constitute the primary source of funds to pay the debt service on the Bonds. The County’s administrative charge for fiscal year 2005-06 was (i) \$37,329.67 for the Ormond Beach Project Area, (ii) \$15,408.81 for the Southwinds Project Area, and (iii) \$70,246.64 for the HERO Project Area. The County’s administrative charge for fiscal year 2006-07 is not yet available. See also “THE PROJECT AREAS – Ormond Beach Project Area – Projected Ormond Beach Tax Revenues and Debt Service Coverage,” “– Southwinds Project Area – Projected Southwinds Tax Revenues and Debt Service Coverage,” and “– HERO Project Area – Projected HERO Tax Revenues and Debt Service Coverage.”

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; 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 on a monthly basis beginning in November and continuing through July of each fiscal year. Such administrative practices of the Auditor-Controller are subject to change without notice and no assurance can be made that such administrative practice will continue.

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"). For a discussion of the tax rates applicable to each of the Project Areas, see, as applicable, "THE PROJECT AREAS – Ormond Beach Project Area – Tax Rates in Ormond Beach Project Area," "– Southwinds Project Area – Tax Rates in Southwinds Project Area," and "– HERO Project Area – Tax Rates in HERO Project Area."

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 Redevelopment Law, which provides 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 Redevelopment Law.

Proposition 87

Under prior State law, if a taxing entity 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 XIIIIC 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 Acquired Obligations 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 (Chapter 942, California Statutes of 1993) (“AB 1290”), which contained several significant changes in the Redevelopment 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 believes that the Ormond Beach Redevelopment Plan, the Southwinds Redevelopment Plan, and the HERO Redevelopment Plan are each in compliance with AB 1290. See “LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations.”

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, California Statutes of 1976, added Sections 33334.2 and 33334.3 to the Redevelopment Law requiring redevelopment agencies to set aside 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 Areas are each subject to the 20% set-aside requirement for low- and moderate-income housing. See “THE PROJECT AREAS – Ormond Beach Project Area – Projected Ormond Beach Tax Revenues and Debt Service Coverage,” “– Southwinds Project Area – Projected Southwinds Tax Revenues and Debt Service Coverage,” or “– HERO Project Area – Projected HERO Tax Revenues and Debt Service Coverage,” as applicable.

Statement of Indebtedness

Under the Redevelopment Law, the Commission must file with the Auditor-Controller a statement of indebtedness for each Project Area by October 1 of each year. As described below, the statement of indebtedness controls the amount of Tax Revenues derived from the applicable Project Area 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) within the applicable Project Area (the “Debt”), both over the life of the Debt and

for the current fiscal year, and (ii) the amount of Available Revenue (as defined below) with respect the applicable Project Area as of the end of the previous Fiscal Year.

“Available Revenue” is calculated by subtracting the total payments on Debt related to the applicable Project Area during the previous fiscal year from the total revenues (both tax increment revenues and other revenues) related to the applicable Project Area 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 relating to the applicable Project Area other than amounts set aside for low- and moderate-income housing.

The Auditor-Controller may only pay tax increment revenue related to a particular Project Area to the Commission in any fiscal year to the extent that the total remaining principal and interest on all applicable 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 Redevelopment Law provides for certain time limits controlling any dispute of the statement of indebtedness, and allows for California 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 Redevelopment Law require that, for redevelopment plans adopted prior to January 1, 1994, each redevelopment agency must 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 such limitation except by amendment of the redevelopment plan.

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.

In 2001, the State Legislature enacted Senate Bill 211 (Chapter 741, California Statutes of 2001) (“SB 211”), which impacts the limits contained in a redevelopment agency’s redevelopment plans in two ways. First, the applicable city council may eliminate the time limit to establish indebtedness in project areas adopted prior to January 1, 1994, by ordinance. If a redevelopment plan is amended to eliminate the time limit to establish indebtedness in a project area pursuant to SB 211, any existing tax sharing agreements related to such project area 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, the applicable city council may extend the time limit for the effectiveness of a redevelopment plan and the repayment of related debt for up to ten years if it can make certain specified findings. The Commission has amended the Ormond Beach Redevelopment Plan and the Southwinds Redevelopment Plan in accordance with SB 211 and has extended the last date to incur indebtedness by ten years in each case. See “THE PROJECT AREAS – Ormond Beach Project Area – Ormond Beach Redevelopment Plan Limitations” and “ – Tax Sharing Agreements in the Ormond Beach Project Area” and “THE PROJECT AREAS – Southwinds Project Area – Southwinds Redevelopment Plan Limitations” and “ – Tax Sharing Agreements in Southwinds Project Area.” See also “THE PROJECT AREAS – HERO Project Area – Tax Sharing Agreements in HERO Project Area.

In 2003, the State Legislature enacted Senate Bill 1045 (Chapter 260, California Statutes of 2003) (“SB 1045”), which effected several amendments to the Redevelopment Law. Among other things, SB 1045 obligated the

Commission to pay moneys into the County's Education Revenue Augmentation Fund payment for the 2003-04 fiscal year and provided a simplified methodology for extending the length of time within which the Commission may repay indebtedness with tax increment revenue. On February 3, 2004, in accordance with SB 1045, the City Council adopted Ordinance Nos. 2645, 2646, and 2647, extending by one year the time limit of the Original HERO Redevelopment Plan, Ormond Beach Redevelopment Plan, and Southwinds Redevelopment Plan, respectively, and extending the time in which the Commission may repay indebtedness with Tax Revenues derived from the applicable Project Area. See "THE PROJECT AREAS – Ormond Beach Project Area – Ormond Beach Redevelopment Plan Limitations," "– Southwinds Project Area – Southwinds Redevelopment Plan Limitations," or "– HERO Project Area – HERO Redevelopment Plan Limitations," as applicable.

Pass-Through Agreements

Prior to the passage of AB 1290, the Redevelopment Law permitted a redevelopment agency to enter into an agreement to pay tax increment revenues to any taxing entity 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. Such agreements normally provide for a pass-through of tax increment revenue directly to the affected taxing entity 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 project areas and to territory that is added to existing project areas after January 1, 1994. Due to the City Council amendment of the Ormond Beach Project Area and the Southwinds Project Area to extend the applicable time limit on incurrence of new indebtedness pursuant to SB 211, statutory tax sharing payments were incurred. The statutory tax sharing payments required will apply in the fiscal years following the expiration of the original limits on occurrence of new debt for each of the Ormond Beach Project Area and the Southwinds Project Area. See "LIMITATIONS ON TAX REVENUES – Statutory Pass-Throughs."

Statutory Pass-Throughs

Pass-through payments to Taxing Agencies are made in accordance with the following formulas pursuant to 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 required 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 applicable Project Area receives tax increment;

(b) an additional 16.8% of the gross tax increment (or 21% after deduction for required 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 project area assessed value in the 10th fiscal year; and

(c) an additional 11.2% of the gross tax increment (14% after deduction for the required 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 project area assessed value in the 30th fiscal year.

The payments to the affected Taxing Agencies are allocated between each Taxing Agency in proportion to the share of property taxes each such Taxing 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 applicable Project Area, as follows: such pass-through payments pursuant to Section 33607.7 begin in fiscal year 2004-05 for the Ormond Beach Project Area and in fiscal year 2005-06 for the Southwinds Project Area. Statutory tax sharing payments made pursuant to Section 33607.5 within the HERO Project Area and the HERO Added Area began with the first fiscal year for

which they were allocated tax increment revenue. 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 33607.5(e) of the Redevelopment Law specifies a procedure whereby the Commission may request subordination of the statutory tax sharing payments to payment of debt service on the Acquired Obligations by all of the Project Areas' taxing entities, as applicable. As part of this request, the Commission must provide substantial evidence to the taxing entities that it will have sufficient funds to make the debt service payments on the applicable Acquired Obligations as well as making the required statutory tax sharing payments.

The taxing entities may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination, or they may disapprove the subordination request. A taxing entity may disapprove a subordination request only if it believes based on substantial evidence that the Commission's financial estimates are incorrect and that the Commission will not be able to make debt service and the tax sharing payments. It is the Commission's belief that sufficient evidence can be provided to warrant subordination of the tax sharing payments and that no later than 45 days from receipt of the notice by the taxing entities, the tax sharing payments will be subordinate to the payment of debt service on the applicable Acquired Obligations. The Commission has sought and received this subordination from the affected taxing entities. As a result of receiving this subordination authority, the statutory tax sharing amounts for each Project Area have been shown in this Official Statement as being subordinate to the payment of debt service on the applicable Acquired Obligations.

Assessment Appeals

Under Section 51(b) of the California Revenue and Taxation Code ("Section 51(b)"), 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.

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 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.

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 Auditor-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 any Project Area from successful assessment appeals will occur on the assessment roll prepared after the actual valuation reduction.

For information regarding successful and pending appeals in the specific Project Areas, see "THE PROJECT AREAS – Ormond Beach Project Area – Ormond Beach Assessment Appeals," "– Southwinds Project Area – Southwinds Assessment Appeals," or "– HERO Project Area – HERO Assessment Appeals," as applicable.

RISK FACTORS

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

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the Authority has covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, the Commission has covenanted under the Acquired Obligations Indentures not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on any of the Acquired Obligations under Section 103 of the Code. If interest on the Acquired Obligations becomes includable in gross income for purposes of federal income taxation, interest on the Bonds could also become so includable. Interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of acts or omissions of the Authority, the City, or the Commission in violation of the Code. Should such an event of taxability occur, the Bonds are not subject to acceleration or early redemption and will remain outstanding to maturity.

The Bonds and the Acquired Obligations are Limited Obligations

Funds for the payment of the principal of and interest on the Bonds are derived from debt service payments on the Acquired Obligations. The Acquired Obligations are limited obligations of the Commission payable solely from and secured solely by the amounts pledged therefor under the Acquired Obligations Indentures, as applicable, which amounts are comprised of Tax Revenues and moneys held in certain of the funds established under such Acquired Obligations Indentures, as applicable. While a coverage factor has been established in structuring the annual debt service on the Acquired Obligations to account for the debt service requirements on the Bonds, there is no guaranty that the amount of annual Tax Revenues that are collected by the Commission will be sufficient to pay principal of and interest on the applicable Acquired Obligations.

Reduction of Tax Revenues

The Tax Revenues constitute the primary security for the Acquired Obligations, which constitute the primary security for the Bonds. Tax Revenues are determined by the amount of incremental assessed value of taxable property the applicable Project Area, the current rate or rates at which property in such Project Area is taxed, and the percentage of taxes collected in such 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 Acquired Obligations, including, among others, the following: (i) a reduction of taxable values of property in the applicable Project Area caused by local or regional economic factors; (ii) a relocation out of the applicable 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. Such risk increases in proportion to the percentage of total assessed value attributable to any single property owner in a Project Area. For information regarding the largest property owners of the Project Area, see "THE PROJECT AREAS – Ormond Beach Project Area – Major Taxpayers in Ormond Beach Project Area," "– Southwinds Project Area – Major Taxpayers in Southwinds Project Area," or "– HERO Project Area – Major Taxpayers in HERO Project Area," as applicable.

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 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 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 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 any of the Project Areas, 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 Acquired Obligations.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Areas, 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 Acquired Obligations. Any reduction in Tax Revenues, whether for any of the aforementioned reasons or any other reasons, could have an adverse effect on the Commission's ability to pay the principal of and interest on the Acquired Obligations.

Estimates of Tax Revenues

To estimate the total revenues available to pay debt service on the Acquired Obligations, the Commission has made certain assumptions with regard to the assessed valuation in the Project Areas, 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 such 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 Acquired Obligations, or any of them, may be less than those projected in this Official Statement. See "THE PROJECT AREAS – Ormond Beach Project Area – Projected Ormond Beach Tax Revenues and Debt Service Coverage," "– Southwinds Project Area – Projected Southwinds Tax Revenues and Debt Service Coverage," or "– HERO Project Area – Projected HERO Tax Revenues and Debt Service Coverage," as applicable.

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 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 2% inflationary increases. 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 ACQUIRED OBLIGATIONS" and "LIMITATIONS N TAX REVENUES."

Concentration of Ownership

The assessed value of the property owned by the ten largest property owners in the Ormond Beach Project Area currently represents approximately 90.27% of the total assessed value in such Project Area. The assessed value of the property owned by the ten largest property owners in the Southwinds Project Area currently represents approximately 23.69% of the total assessed value in such Project Area. The assessed value of the property owned by the ten largest property owners in the HERO Project Area currently represents approximately 22.56% of the total assessed value in such Project Area. See "THE PROJECT AREAS – Ormond Beach Project Area – Major Taxpayers in Ormond Beach Project Area," "– Southwinds Project Area – Major Taxpayers in Southwinds Project Area," or "– HERO Project Area – Major Taxpayers in HERO Project Area," as applicable.

Events causing a reduction in assessed value of or physical damage to property in a Project Areas owned by one or more of the ten largest property owners therein, or any future owner of significant property in such Project Area, such as physical damage by fire, earthquake, or other causes, may significantly delay or ultimately reduce the payment of property taxes in such 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 a 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 applicable Acquired Obligations Indenture are met. See "SECURITY FOR THE BONDS – Issuance of Parity Debt." The Commission may also issue bonds or incur obligations payable from Tax Revenues which are subordinate to the Bonds. See "SECURITY FOR THE BONDS – Issuance of Subordinate Debt."

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 such 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 Acquired Obligations.

Hazardous Substances

The discovery of hazardous substances on the property in a Project Area could limit the beneficial use of taxable property within such 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 a 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 applicable Acquired Obligations.

Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the Bonds and the Acquired Obligations, and the obligations of the Authority and the Commission with respect thereto, as applicable, 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 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 or the Acquired Obligations 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 and ERAF Payments

In order to address State budget deficits, the State Legislature periodically enacts legislation that, among other things, requires redevelopment agencies in the State to make payments into an Education Revenue Augmentation Fund ("ERAF") that have been established in each county pursuant to Section 97.03 of the California Revenue and Taxation Code. The State budget for fiscal year 2002-03 and related legislation required redevelopment agencies in the State to deposit a total of \$75 million into ERAF to meet the State budget shortfall. The Commission's required ERAF payment for fiscal year 2002-03 was \$214,553, which it paid prior to the applicable deadline and which payment did not adversely impact the Commission's ability to pay debt service with respect to any of its other obligations.

Pursuant to SB 1045, the State legislature increased the required ERAF payments from redevelopment agencies to \$135 million for fiscal year 2003-04. The Commission's required ERAF payment for fiscal year 2003-04 was \$338,119, which it paid prior to the applicable deadline and which payment did not adversely impact the Commission's ability to pay debt service with respect to any of its other obligations.

Pursuant to Senate Bill 1096 (Chapter 211, Statutes 2005), the State legislature increased the required ERAF payments from redevelopment agencies to \$250 million for fiscal year 2004-05. The Commission's required ERAF payment for fiscal year 2004-05 was \$684,163, which it paid prior to the applicable deadline and which payment did not adversely impact the Commission's ability to pay debt service with respect to any of its other obligations.

The Commission has stated that it has no ERAF payment obligations currently outstanding. In addition to the ERAF payments required from redevelopment agencies, the State Legislature has imposed various solutions to State budget deficits in the prior years, including the shifting of property tax revenues from cities, counties, and special districts to the ERAF. The Commission cannot predict whether the State Legislature will enact any other legislation requiring additional or increased payments of tax increment revenues to the State or State schools, whether through a payment to ERAF or by another arrangement, or, if such payments are required, the effect of such payment obligations on the availability or amount of future Tax Revenues. It should be noted, however, that the State's budget for fiscal year 2006-07 and related legislation contain no requirement for the payment of amounts into ERAF by redevelopment agencies.

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 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 4% in a single year. The assessors in all California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The California State Board of Equalization has approved such 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 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. On May 5, 2004, the respondent filed a petition to the California Supreme Court for review of the decision published by the Court of Appeal. On July 21, 2004, the California Supreme Court denied the petition to review the decision by the Court of Appeal. This action concluded the legal review of this case.

Economic, Political, Social, and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, and/or international level may adversely affect investment risk generally. Such changes may also adversely affect the value of property within the Project Areas and the willingness or ability of the owners of land within the Project Areas to pay their property taxes. Such conditional changes may include (but are not limited to) fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage, and natural disasters.

THE AUTHORITY

The Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California pursuant to the JPA. The Authority was created on October 8, 1991, to finance the cost of any capital improvement, working capital, or liability and other insurance needs, or projects wherever there are significant public benefits, as determined by the City.

The Authority is governed by a five-member Governing Board. The current members of the Board, who are all members of the City Council, are listed below:

<u>Name</u>	<u>Office</u>
Dr. Thomas E. Holden	Chairman
Andres Herrera	Vice Chairman
Dean Maulhardt	Board Member
John C. Zaragoza	Board Member
Timothy B. Flynn	Board Member

The Authority is also served by the officers listed below who, in the case of the Authority Controller and General Counsel, serve in these capacities by virtue of their duties as Finance Director and City Attorney,

respectively or, in the case of the Authority Secretary, is appointed by the Board and serves at the pleasure of the Board. The officers are:

<u>Name</u>	<u>Position</u>
Susan M. Winder	Acting Controller
Gary L. Gillig	General Counsel
Daniel Martinez	Secretary

Neither the Authority nor the members of the Board have any obligations or liability to the owners of the Bonds with respect to the payment of debt service for the Bonds or with respect to the performance by the Authority or the Commission of other covenants made by them in the Indenture or the Acquired Obligations Indentures, as applicable.

THE COMMISSION

General Information

The Agency was established pursuant to the Redevelopment Law and was originally activated pursuant to by Resolution No. 2365, adopted by 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. The Commission's audited financial statements for the fiscal year ended June 30, 2005, are attached hereto as Appendix H.

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 Redevelopment 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 Areas and no other reasonable means of financing are available. The Commission must sell or lease property within the Project Areas for redevelopment in strict conformity with the applicable Redevelopment Plan and may specify a period within which such redevelopment must begin or be completed.

TAX MATTERS

Bond Counsel Opinion

In the opinion of Goodwin Procter 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 with respect to the Bonds is set forth in Appendix C attached hereto and will accompany the Bonds.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest received by persons such as the owners of the Bonds. The Authority 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 Goodwin Procter LLP.

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 State personal income tax purposes, a Bond owner's federal and State tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of such other tax consequences will depend upon the Bond owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Bonds should be aware that: (a) 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; (b) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds; (c); 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; (d) 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; (e) 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 25% of the gross receipts of such Subchapter S corporation is passive investment income; (f) 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 (g) 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 "IRS") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, 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 IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS is likely to treat the Authority as the taxpayer and the owners of the Bonds may have no right to participate in such procedure.

Bond Counsel's opinion represents its legal judgment based upon its review of existing law, regulations, rulings, judicial decisions, and other authorities, and upon the covenants and representations of the parties and such

other facts as it has deemed relevant to render such opinion, and is not a guarantee of a result. Neither the Underwriter nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. Neither the Authority nor Bond Counsel is responsible to pay or reimburse the costs of any owner with respect to any audit or litigation relating to the Bonds.

Original Issue Discount/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 that is excluded from gross income for federal income tax purposes. For such 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

The Bonds are being purchased by E. J. De La Rosa & Co., Inc., as Underwriter. The Underwriter has agreed to purchase the Bonds at a price of \$20,070,515.25 (which represents the aggregate principal amount of the Bonds, less a net original issue discount of \$459,484.75). An Underwriter’s discount of \$277,155.00 will be paid to the Underwriter from the proceeds of the Acquired Obligations. The contract of purchase pursuant to which the Bonds are being purchased by the Underwriter provides that the Underwriter will purchase all of the Bonds if any are purchased. Simultaneously with the purchase of the Bonds by the Underwriter, the Authority has agreed to purchase the Acquired Obligations from the Commission. The Underwriter’s obligation to purchase the Bonds is contingent upon the Authority’s purchase of the Acquired Obligations, the approval of certain legal matters by counsel, and certain other conditions.

RATING

It is anticipated that Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“S&P”), will assign a rating of “AAA” to the Bonds, with the understanding that, upon delivery of the Bonds, the Bond Insurer will issue the Bond Insurance Policy. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same at the following address: Standard & Poor’s Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

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

INDENTURE

The following is a brief summary of certain provisions of the Indenture and is not intended to be definitive. Reference is made to the actual document (copies of which are available from the Trustee) for the complete terms thereof. Except as otherwise defined in this summary of the Indenture, 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 of the Indenture.

Definitions

The following terms will have the meanings indicated below unless the context clearly requires otherwise.

“Administrative Costs” means the annual costs of administering the Bonds, including, without limitation, the annual fees and expenses pertaining to the servicing of the Bonds and the provision of continuing disclosure pertaining to the Bonds or the Authority as required by Rule 15c2-12 of the Securities and Exchange Commission and any applicable continuing disclosure agreement pertaining to the Bonds. Such fees and expenses shall include, but not be limited to, any or all of the following: the fees and expenses of the Trustee (including any fees and expenses of its counsel) and the expenses of the Authority in carrying out its duties under the Indenture, which expenses include, but are not limited to, calculating the rebate obligation, if any, for the Bonds, undertaking any annual audits of the Bonds, and undertaking any annual or event continuing disclosure requirement. In addition to the costs of consultants and attorneys incurred in undertaking such duties, the expenses of the Authority shall also include an allocable share of the salaries of staff of the Authority, the City, or the Commission directly related thereto and a proportionate amount of general administrative overhead related thereto, any rebate obligation due and owing the United States government, and all other costs and expenses of the Authority or the Trustee incurred in connection with the discharge of their respective duties under the Indenture and, in the case of the Authority, in any way related to the administration of the Authority.

“Agreement” means that certain Joint Exercise of Powers Agreement, dated as of October 9, 1991, by and among the City, the Agency (as predecessor-in-interest to the Commission), and the Housing Authority of the City of Oxnard, as duly amended and supplemented from time to time.

“Authorized Representative” means: (a) with respect to the Authority, its Chairman, Vice Chairman, Controller, Assistant Controller, or Secretary, or any other Person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chairman, Controller, or Assistant Controller and filed with the Commission and the Trustee; (b) with respect to the Commission, its Chairman, Vice Chairman, Executive Director and Secretary, Finance Director, or Treasurer, or any other Person designated as an Authorized Representative of the Commission by a Written Certificate signed on behalf of the Commission by its Chairman, Vice Chairman, or Executive Director and Secretary and filed with the Authority and the Trustee; (c) with respect to the Trustee, the Senior Vice President, any Vice President, any Assistant Vice President, or any Trust Officer of the Trustee, and when used with reference to any act or document also means any other Person authorized to perform such act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

“Bond Counsel” means Goodwin Procter LLP, or any law firm that is a firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excluded from gross income for purposes of Section 103 of the Code, which firm is selected by the Authority, the City, or the Commission and

which acts as bond counsel to the Authority, the City, or the Commission in connection with the issuance of the Bonds or the respective Acquired Obligations.

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

“Closing Date” means the date on which the Bonds are delivered to the Original Purchaser and the date on which the Acquired Obligations are delivered to the Authority.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale, and delivery of the Bonds and the authorization, issuance, sale, and acquisition of the Acquired Obligations, including, but not limited to, compensation, fees, and expenses of the Commission, the Authority, the City, the Trustee, and their respective counsel, compensation to any financial consultants, certified public accountants, market economists, or the Original Purchaser, other legal fees and expenses, filing and recording fees and costs, costs of preparation and reproduction of documents, costs of printing, costs of rating agencies or credit ratings, fees for transportation and safekeeping of the Bonds, and the cost of the premium for the Bond Insurance Policy.

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

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

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

“Independent Certified Public Accountant” means a nationally recognized certified public accountant or nationally recognized firm of certified public accountants appointed by the Authority, and who, or each of whom: (a) is judged by the Authority to have extensive experience with respect to the preparation of financial statements; (b) is in fact independent and not under the domination of the Authority, the City, or the Commission; (c) does not have any substantial interest, direct or indirect, with the Authority, the City, or the Commission; and (d) is not connected with the Authority, the City, or the Commission as an officer or employee thereof, but who may be regularly retained by either the Authority, the City, or the Commission to make reports to such client.

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

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

“Original Purchaser” means E. J. De La Rosa & Co., Inc., as original purchaser of the Bonds.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore or thereupon being authenticated and delivered by the Trustee under the Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the Indenture, including Bonds referred to under the Indenture; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/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 Authority.

“Owner” or “Bond Owner,” whenever used herein with respect to a Bond, means the Person in whose name the ownership of such Bond is registered on the Registration Books.

“Permitted Investments” means any of the following investments, provided at the time of investment the investment is a legal investment under the laws of the State for the moneys proposed to be invested therein:

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

(2) Direct obligations¹ of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

(a) Export-Import Bank of the United States - Direct obligations and fully guaranteed certificates of beneficial interest

(b) Federal Housing Administration - debentures

(c) General Services Administration - participation certificates

(d) Government National Mortgage Association (“GNMAs”) - guaranteed mortgage-backed securities and guaranteed participation certificates

(e) Small Business Administration - guaranteed participation certificates and guaranteed pool certificates

(f) U.S. Department of Housing & Urban Development - local authority bonds

(g) U.S. Maritime Administration - guaranteed Title XI financings

(h) Washington Metropolitan Area Transit Authority - guaranteed transit bonds

(3) Direct obligations¹ of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

(a) Federal National Mortgage Association (“FNMA”) - senior debt obligations rated Aaa by Moody’s and AAA by S&P

(b) Federal Home Loan Mortgage Corporation (“FHLMCs”) - participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P

(c) Federal Home Loan Banks - consolidated debt obligations

¹ The following are explicitly excluded from the securities enumerated in clauses (2) and (3):

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

- (d) Student Loan Marketing Association - debt obligations
- (e) Resolution Funding Corporation - debt obligations

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

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

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

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

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

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

(10) Repurchase agreements that meet the following criteria:

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

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

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

(d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in clauses 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA's, FNMA's, or FHLMC's. The repurchase agreement shall require (i) the Trustee or an independent third party acting solely as agent for the Trustee (the "Agent") to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level

on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) Business Days of such valuation.

(e) The repurchase securities shall be delivered free and clear of any lien to the Trustee or the Agent, and such Agent is (i) a Federal Reserve Bank or (ii) a bank which is a member of the FDIC and which has combined capital, surplus, and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.

(f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the Authority and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

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

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

i. insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;

ii. failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under clause 10(d) above; or

iii. failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

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

(a) A master agreement or specific written investment agreement governs the transaction.

(b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured, and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in clause 11(f) below.

(d) The investment agreement shall provide that, if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

(e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn, or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.

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

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

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

- i. the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal, or Reuters;
- ii. valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
- iii. the lower of two (2) bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

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

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

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

- i. In the event of a deficiency in the debt service account;
- ii. Upon acceleration after an event of default;
- iii. Upon refunding of the Bonds in whole or in part;
- iv. Reduction of the Reserve Requirement for the Bonds; or

- v. If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the Authority's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds and to make deposits to the Reserve Fund.

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

- i. Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times, or in the amounts described above;
- ii. Insolvency of the provider or the guarantor (if any) under the investment agreement;
- iii. Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
- iv. Failure by the provider to make a payment or observe any covenant under the agreement;
- v. The guaranty (if any) is terminated, repudiated, or challenged; or
- vi. Any representation of warranty furnished to the Trustee or the Authority in connection with the agreement is false or misleading.

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

- i. "Cure periods" for payment default shall not exceed two (2) Business Days;
- ii. The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee or the Bond Insurer;
- iii. Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior consent of the Bond Insurer;
- iv. If the investment agreement is for the Reserve Fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate;
- v. The provider shall be required to immediately notify the Bond Insurer and the Trustee of any event of default or any suspension, withdrawal, or downgrade of the provider's ratings;
- vi. The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim; and
- vii. The agreement shall require the provider to submit information reasonably requested by the Bond Insurer, including balance invested with the provider, type and market value of collateral, and other pertinent information.

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

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the SIPC jurisdiction, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

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

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

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

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

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

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

v. The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of the Bond Insurer.

(13) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the issuer or the Trustee to put the securities back to the provider under a put, guaranty, or other hedging arrangement, only with the prior written consent of the Bond Insurer.

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

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

(16) The Local Agency Investment Fund (“LAIF”).

(17) Other forms of investments approved in writing by the Bond Insurer with notice by the Authority to S&P.

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

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

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

(c) Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five (5) years or less.

“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

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

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

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

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

“Redemption Proceeds (Optional Redemption)” means the proceeds of the redemption prior to maturity, in whole or in part, of the principal of, premium (if any) on, and interest on the HERO Bonds, the Ormond Beach Bonds, or the Southwinds Bonds, as applicable, pursuant to the HERO Bonds Indenture, the Ormond Beach Bonds Indenture, or the Southwinds Bonds Indenture, as applicable.

“Redemption Proceeds (Sinking Account Payments)” means the proceeds of the redemption prior to maturity, in whole or in part, of the principal of, premium (if any) on, and interest on the HERO Bonds, the Ormond Beach Bonds, or the Southwinds Bonds, as applicable, pursuant to the HERO Bonds Indenture, the Ormond Beach Bonds Indenture, or the Southwinds Bonds Indenture, as applicable.

“Related Documents” means, collectively, the Indenture, the HERO Bonds Indenture, the Ormond Beach Bonds Indenture, the Southwinds Bonds Indenture, the HERO Bonds, the Ormond Beach Bonds, or the Southwinds Bonds.

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

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

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

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

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

“Written Certificate,” “Written Order,” or “Written Request” of the Authority or the Commission means, respectively, a written certificate, written order, or written request signed in the name of the Authority by any Authorized Representative thereof or in the name of the Commission by any Authorized Representative thereof. Any such certificate, order or request may, but need not, be combined in a single instrument with any other instrument, opinion, or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by the Indenture, each such certificate, order or request shall include the statements provided for in the Indenture.

“Yield” shall have the meaning given to such term as set forth in the Tax Certificate.

Funds and Accounts

Under the Indenture, the Trustee will establish and hold the Reserve Fund, the Expense Fund, the Program Fund, and the Revenue Fund and will invest, transfer, and disburse moneys on deposit therein. Subject to the terms of the Indenture, the Authority has pledged all amounts deposited from time to time in the funds established pursuant to the Indenture (except for amounts on deposit in the Rebate Fund) to be held in trust for the benefit of the owners of the Bonds.

Reserve Fund. Pursuant to the Indenture, the Trustee shall establish and maintain a separate Reserve Fund to be applied solely to the payment of debt service on the Bonds. The Trustee shall deposit the amount specified in the Indenture in the Reserve Fund and shall administer the funds in the Reserve Fund as provided therein.

If on any Interest Payment Date the amount in the Interest Account shall be less than the amount required for the interest payable with respect to the Bonds on such date, the Trustee shall withdraw from the Reserve Fund and deposit into the Interest Account the amount of such deficiency. In the event of any such transfer, the Trustee shall, within five days thereafter, provide written notice to the Authority and the Bond Insurer of the amount and the date of such transfer.

If on any Interest Payment Date the amount in the Principal Account shall be less than the amount required for the principal payable with respect to the Bonds on such date, the Trustee shall withdraw from the Reserve Fund and deposit into the Principal Account the amount of such deficiency. In the event of any such transfer, the Trustee shall, within five days thereafter, provide written notice to the Authority and the Bond Insurer of the amount and the date of such transfer.

All cash and investments in the Reserve Fund shall be transferred to the Interest Account or the Principal Account, as applicable, for the payment of principal of and interest on the Bonds when due and payable before any draw may be made on any other credit facility approved by the Bond Insurer and credited to the Reserve Fund in lieu of cash (“Credit Facility”). Payment of any Credit Facility costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities, if any, on which there is available coverage shall be made on a *pro rata* basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Reimbursement of amounts with respect to any Credit Facility shall be made on a *pro rata* basis prior to the replenishment of any cash drawn from the Reserve Fund.

If on September 2nd of any year the amount of cash on deposit in the Reserve Fund exceeds the Reserve Requirement, the Trustee shall on such date transfer such excess from the cash then on deposit in the Reserve Fund to the Residual Account.

Not later than three days following the date that the Bonds are no longer Outstanding and all Administrative Costs have been paid in full, then the Trustee shall transfer all monies in the Reserve Fund to the Residual Account.

Expense Fund. Pursuant to the Indenture, the Trustee shall establish and maintain the Expense Fund. The moneys deposited into the Expense Fund shall be utilized to pay the Costs of Issuance and Administrative Costs, as set forth in a Written Request of the Authority or the Commission containing the respective amounts to be paid to the designated payees. The Trustee shall pay all such Costs of Issuance and Administrative Costs upon receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee in such requisition. On September 2 of each year, the Trustee shall transfer any funds then held in the Expense Fund to the Residual Account.

Program Fund. Pursuant to the Indenture, the Trustee shall establish and maintain the Program Fund. The Trustee shall deposit a portion of the proceeds of sale of the Bonds into the Program Fund pursuant to the Indenture. Except as otherwise provided in the Indenture, money in the Program Fund shall be used solely for the acquisition of the Acquired Obligations.

The Trustee shall disburse the monies held in the Program Fund to, or at the written direction of, the Commission for the purpose of purchasing and acquiring the Acquired Obligations from the Commission.

Revenue Fund. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Acquired Obligations and all of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund and the Expense Fund) are pledged by the Authority to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Indenture. Said pledge shall constitute, with respect to the Bonds, a first lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the Bonds by the Trustee, upon the physical delivery thereof.

Pursuant to the Indenture, the Authority shall transfer in trust and assign to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title, and interest of the Authority in the Acquired Obligations, when and as issued or incurred. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority and shall forthwith be paid by the Authority to the Trustee for deposit to the Revenue Fund. The Trustee also shall be entitled to and may take all steps, actions, and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the Commission under and with respect to its Acquired Obligations.

Upon receipt, all Revenues shall be promptly deposited by the Trustee thereof in the Revenue Fund, within which there shall be an Interest Account, a Principal Account, a Redemption Account, and a Residual Account, each of which the Trustee shall establish, maintain and hold in trust. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

As Revenues (other than Redemption Proceeds (Optional Redemption) and Redemption Proceeds (Sinking Account Payments), which shall be deposited in the Redemption Account pursuant to the Indenture) are received in each calendar year commencing in 2006, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain in trust separate and distinct from the other funds and accounts established under the Indenture) the amounts on the dates and in the order of priority set forth in the Indenture, the requirements of each such account (including the making up of any deficiencies in any such account resulting from a lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority.

Subject to the provisions of the Indenture, all amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as the same shall become due and payable or, at the Written Request of the Authority filed with the Trustee, to apply to the payment of accrued interest on any

Bonds purchased by the Authority in lieu of redemption pursuant to the Indenture. Any amounts on deposit in the Interest Account or any subaccount thereof on any Interest Payment Date and not required to pay interest then due and payable on the Bonds shall be retained in the Interest Account.

Subject to the provisions of the Indenture, all amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal of the Bonds upon the stated maturity thereof.

All Redemption Proceeds (Optional Redemption) and Redemption Proceeds (Sinking Account Payments) shall be deposited into the Redemption Account. Subject to the provisions of the Indenture, all amounts deposited in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds in the manner and upon the terms and conditions specified in the Indenture, as applicable, at the next succeeding date of redemption for which notice has been given and at the principal amount thereof. At any time prior to selection of Bonds for redemption, the Trustee may apply amounts on deposit in the Redemption Account to the purchase of Bonds pursuant to the provisions of the Indenture.

Amounts in the Residual Account may, at any time and at the written direction of the Authority, be (i) transferred to the Expense Fund if the amount therein is insufficient to pay Administrative Costs, (ii) transferred to the Rebate Fund, or (iii) transferred to the Redemption Account. Three (3) Business Days prior to each Interest Payment Date, the Trustee shall credit or pay all monies then on deposit in the Residual Account to the Commission as payment or reimbursement for the principal, interest, or redemption price otherwise payable with respect to the HERO Bonds on such next succeeding Interest Payment Date, and all such monies then on deposit in the Residual Account shall be transferred to the Revenue Fund and applied in accordance with the Indenture. Notwithstanding the preceding sentence, if on or before three (3) Business Days prior to an Interest Payment Date, the Trustee has received a Written Certificate from the Commission that the Tax Revenues (as defined in the Southwinds Bonds Indenture) estimated to be received by the Commission for the then current Fiscal Year (as defined in the Southwinds Bonds Indenture) based on the most recent assessed valuation of property in the Project Area (as defined in the Southwinds Bonds Indenture) (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 of Ventura, plus, at the option of the Commission, Additional Revenues (as defined in the Southwinds Bonds Indenture), shall be less than one hundred fifty percent (150%) of Maximum Annual Debt Service (as defined in the Southwinds Bonds Indenture) on all Outstanding Southwinds Bonds, then three (3) Business Days prior to an Interest Payment Date, the Trustee shall not credit or pay all such monies then on deposit in the Residual Account to the Commission as payment or reimbursement for the principal, interest, or redemption price otherwise payable with respect to the HERO Bonds on such next succeeding Interest Payment Date, and the Authority shall instead require that the Commission pay the full amount of the principal, interest, or redemption price payable with respect to the HERO Bonds on such next succeeding Interest Payment Date, irrespective of any such deposited amounts, and all such monies then on deposit in the Residual Account shall be transferred to the Revenue Fund and applied in accordance with the Indenture. Promptly following the date that the Bonds are no longer Outstanding, all funds on deposit in the Residual Account, including transfers from the Reserve Fund pursuant to the Indenture, shall be transferred to the Commission to pay or reimburse the Commission for the principal, interest, or redemption price with respect to the HERO Bonds, the Ormond Beach Bonds, and the Southwinds Bonds, on a *pro rata* basis. Amounts in the Residual Account shall be invested in Permitted Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Permitted Investments at a Yield not in excess of the Yield on the Bonds, unless, in the opinion of Bond Counsel, investment at a higher Yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds then Outstanding.

Rebate Fund. With respect to the Bonds the Trustee shall establish the Rebate Fund and shall comply with the requirements of the Indenture. 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 Authority obtains an opinion of Bond 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.

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 Authority shall calculate or cause to be calculated the amount of such deficiency and deposit with the Trustee for deposit in the Rebate Fund an amount received from any legally available source, equal to such deficiency in the particular 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, Ogden, Utah 84201-0027 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Authority and provided to the Trustee or shall be made in such other manner as the Authority shall direct the Trustee, as provided under the Code.

Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in the Indenture, may, upon the receipt of written directions from the Authority, be transferred by the Trustee to the Authority and utilized in any manner by the Authority.

Investment of Moneys

Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority two (2) Business Days prior to the making of such investment. Permitted Investments may be purchased at such prices as the Authority shall determine. All Permitted Investments shall be acquired subject to any restrictive instructions given to the Trustee pursuant to the Indenture and such additional limitations or requirements consistent with the foregoing as may be established by the Written Request of the Authority. Moneys in all funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture. Absent timely written direction from the Authority, the Trustee shall invest any funds held by it in Permitted Investments described in clause (15) of the definition thereof. Investment of cash on deposit in the Reserve Fund shall have an average weighted term to maturity not greater than five (5) years (exclusive of investment agreements and other Permitted Investments approved in writing by the Bond Insurer).

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

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

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

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

Claims Upon the Bond Insurance Policy and Payments by and to the Bond Insurer

As long as the Bond Insurance Policy shall be in full force and effect, the Authority and the Trustee shall comply with the following provisions:

(a) At least one (1) day prior to each Interest Payment Date the Trustee shall determine whether there will be sufficient funds in the funds and accounts established under the Indenture to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such funds or accounts, the Trustee shall so notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable, and whether such Bonds will be deficient as to principal or interest, or both. If the Trustee has not so notified the Bond Insurer at least one (1) day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Bonds on or before the first (1st) day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for the Bond Insurer, or any successor insurance trustee (the "Insurance Trustee"), the Bond Register maintained by the Trustee and all records relating to the funds and accounts maintained under the Indenture.

(c) The Trustee shall provide the Bond Insurer and the Insurance Trustee with a list of Owners of Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Owners of Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the Owners of Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(d) The Trustee shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify the Owners of Bonds entitled to receive the payment of principal thereof or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Owner entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Trustee, who shall note on such Bonds the portion of the principal paid by the Trustee and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has notice that any payment of principal of or interest on a Bond which has become Due for Payment (as such term is defined in the Bond Insurance Policy) and which is made to an Owner by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all Owners that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Trustee and subsequently recovered from Owners and the dates on which such payments were made.

(f) In addition to those rights granted the Bond Insurer under the Indenture, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee

on the Bond Register maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the Bond Register maintained by the Trustee upon surrender of the Bonds by the Owners thereof together with proof of the payment of principal thereof.

The Authority hereby covenants and agrees that it shall reimburse the Bond Insurer for any amounts paid under the Bond Insurance Policy and all costs of collection thereof and enforcement of the Indenture and any other documents executed in connection with the Indenture, together with interest thereon, from the date paid or incurred by the Bond Insurer until payment thereof in full by the Authority, payable at the Insurer Payment Rate (as hereinafter defined), including without limitation (to the extent permitted by applicable law) interest on claims paid by the Bond Insurer in respect of interest on the Bonds. Such payment obligation shall be payable on demand and on a parity with, and from the same sources and secured by the same security as, regularly scheduled principal and interest payments in respect of the Bonds. For purposes of the foregoing, "Insurer Payment Rate" shall mean the lesser of (i) the maximum rate permissible under applicable usury or similar laws limiting interest rates and (ii) the greater of (A) the then applicable highest rate of interest on the Bonds and (B) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. ("Chase") at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, Prime Rate shall be publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify.

Against Encumbrances

The Authority shall not create, or permit the creation of, any pledge, lien, charge, or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture or any Supplemental Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes. Notwithstanding the foregoing, the Authority shall not issue any bonds or incur any indebtedness while any of the Bonds are Outstanding secured by a pledge, lien, charge, or other encumbrance upon the Revenues that is subordinate to the pledge set forth in the Indenture without the prior written consent of the Bond Insurer.

Federal Tax Covenants

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

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

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

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

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

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

Duties and Liabilities of Trustee

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

(b) The Authority may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by (i) the Bond Insurer or (ii) 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 be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

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

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee that is acceptable to the Bond Insurer. If no successor Trustee shall have been appointed and have accepted appointment within 60 calendar days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee under the Indenture, and after payment by the Authority of all unpaid fees and expenses of the predecessor Trustee, such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties, and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign, and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties, and obligations. Upon acceptance of appointment by a successor Trustee as provided in this Subsection, the Authority shall mail or cause the successor Trustee to mail, by first-class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to each rating agency which then maintains a rating on the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) calendar days after acceptance of appointment by the successor Trustee, the successor Trustee

shall cause such notice to be mailed at the expense of the Authority. No successor Trustee shall be appointed without the prior written approval of the Bond Insurer.

(e) Any Trustee appointed under the provisions of the Indenture in succession to the Trustee shall be a trust company or bank having the powers of a trust company, having a combined capital and surplus of at least seventy-five million dollars (\$75,000,000), and subject to supervision or examination by federal or state agency. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this Subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, the Trustee shall resign immediately in the manner and with the effect specified therein.

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

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

(h) The Trustee shall not be accountable for the use or application by the Authority, the 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 Authority or the Commission to provide relevant notices, certificates, or other documents required by the Indenture.

Amendment of the Indenture

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

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

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

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

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

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

Disqualified Bonds

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

Events of Default

Each of the following events shall be an Event of Default:

(a) if default shall be made by the Authority in the due and punctual payment of the principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise; 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 by the Authority in the due and punctual payment of any installment of interest on any Bonds when and as the same shall become due and payable; 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 Authority in the observance of any of the other covenants, agreements, or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of thirty (30) calendar days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee or the Owners of not less than twenty-five

percent (25%) in aggregate principal amount of the affected series of Bonds at the time Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Trustee and such Owners shall, subject to the provisions of the Indenture, not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Authority within the applicable period and diligently pursued until the default is corrected; and

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

Remedies Upon Event of Default; Other Remedies of Bond Owners

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

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

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

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

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

Trustee to Represent Bond Owners

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

No Waiver of Default

No delay or omission of the Trustee, the Bond Insurer, or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be

a waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee, the Bond Insurer, or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Bond Owners' Direction of Proceedings

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

Limitation on Bond Owners' Right to Sue

No Owner of any Bonds shall have the right to institute any suit, action, or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Agreement, the Bond Law, or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the affected series of the Bonds then Outstanding, shall have made written request upon the Trustee to exercise the powers granted under the Indenture or to institute such suit, action, or proceeding in its own name, and (c) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) calendar days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity, and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, the Indenture, the Bond Law, or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had, and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Defeasance

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

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

If the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority including without limitation any amounts due and owing the Trustee under the Indenture, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements, and other obligations of the Authority under the

Indenture shall cease, terminate, become void, and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, and upon receipt of a Written Certificate of Authorized Representatives of the Authority and an opinion of Bond Counsel acceptable to the Trustee, each to the effect that all conditions precedent in the Indenture provided for relating to the discharge and satisfaction of the obligations of the Authority have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as shall be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign, or deliver all moneys or securities or other property held by it pursuant to the Indenture, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the Authority.

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 Authority, and the assignment and pledge of the Revenues and all covenants, agreements, and other obligations of the Authority 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.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate, and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the Indenture.

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

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

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

- (a) a report of an Independent Certified Public Accountant acceptable to the Bond Insurer verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date (the "Verification Report");
- (b) an escrow agreement which shall be in form and substance satisfactory to the Bond Insurer; and
- (c) an opinion of Bond Counsel to the effect that the Bonds are no longer Outstanding.

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

In the event that a forward purchase agreement will be employed in the defeasance of the Bonds, such agreement shall be subject to the approval of the Bond Insurer and shall be accompanied by such opinions of counsel as may be required by the Bond Insurer.

The Bond Insurer shall be provided with final drafts of all documents required pursuant to the Indenture not less than five (5) Business Days prior to funding the escrow to defease the Bonds.

Provisions Relating to the Bond Insurance Policy

The Authority shall pay or reimburse the Bond Insurer for any and all charges, fees, costs, and expenses which the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense, or preservation of any rights or security in the Related Documents; (ii) the pursuit of any remedies under the Related Documents or otherwise afforded by law or equity; (iii) any amendment, waiver, or other action with respect to, or related to the Related Documents whether or not executed or completed; (iv) the violation by the Authority or Commission of any law, rule, or regulation, or any judgment, order, or decree applicable to it; or (v) any litigation or other dispute in connection with the Related Documents or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Related Documents.

Amounts paid by the Bond Insurer under the Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and shall remain outstanding and continue to be due and payable until paid by the Authority in accordance with the provisions thereof.

The Indenture shall not be discharged unless and until all amounts due to or to become due to the Bond Insurer pursuant to the terms thereof have been paid in full or payment duly provided for to the satisfaction of the Bond Insurer.

No modification, amendment, or supplement to the Indenture or the HERO Bonds Indenture, the Ormond Beach Bonds Indenture, or the Southwinds Bonds Indenture may become effective except upon obtaining the prior written consent of the Bond Insurer. Copies of any such modification, amendment, or supplement shall be sent to S&P at least ten (10) calendar days prior to the effective date thereof.

While the Bond Insurance Policy is in effect, the Authority or the Trustee, as appropriate, shall furnish to the Bond Insurer, to the attention of the Surveillance Department, at the Authority's expense, the following:

- (i) upon request, a copy of any financial statement, audit, and/or annual report of the City or the Authority;
- (ii) a copy of any notice to be given to the Owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to the Indenture relating to the security for the Bonds;
- (iii) to the extent that the Authority has entered into a continuing disclosure agreement with respect to the Bonds, the Bond Insurer shall be included as a party to be notified; and
- (iv) such additional information the Bond Insurer may reasonably request.

While the Bond Insurance Policy is in effect, the Authority or the Trustee, as appropriate, shall furnish to the Bond Insurer, to the attention of the General Counsel Office, at the Authority's expense, the following:

(i) The Trustee or the Authority, as appropriate, shall notify the Bond Insurer of any failure of the Authority to provide relevant notices, certificates, etc.; and

(ii) Notwithstanding any other provision of the Indenture, the Trustee or the Authority, as appropriate, shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest on the Bonds as required and immediately upon the occurrence of any Event of Default under the Indenture.

The Authority shall permit the Bond Insurer to discuss the affairs, finances, and accounts of the Authority and the City or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Authority or the City. The Trustee or the Authority, as appropriate, shall permit the Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

The Bond Insurer shall have the right to direct an accounting at the Authority's expense, and the Authority's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default under the Indenture; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owner of the Bonds.

The Bond Insurer shall be deemed the sole Owner of the Bonds for the purposes of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Bonds are entitled to take pursuant to the Indenture. The Trustee shall take no action under the Indenture except with the consent, or at the direction, of the Bond Insurer.

No credit instrument may be provided in lieu of any cash comprising any portion of the Reserve Requirement on deposit in the Reserve Fund without the prior written consent of the Bond Insurer.

The maturity of the Bonds may not be accelerated.

No grace period for any default in the performance by the Authority of any covenant set forth in the Indenture shall be extended for more than sixty (60) calendar days, without the prior written consent of the Bond Insurer.

To the extent that the Indenture confers upon or gives or grants to the Bond Insurer any right, remedy, or claim under or by reason of the Indenture, the Bond Insurer is explicitly recognized as being a third-party beneficiary thereunder and may enforce any such right remedy or claim conferred, given, or granted thereunder.

The Bond Insurer shall, to the extent that it makes any payment of principal of or interest on the Bond, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy. The obligation to the Bond Insurer shall survive discharge or termination of the Related Documents.

The rights granted to the Bond Insurer under the Indenture or any other Related Documents to request, consent to, or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Bond Insurance Policy. Any exercise by the Bond Insurer of any such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Owners of the Bonds nor does such action evidence any position of the Bond Insurer, positive or negative, as to whether the consent of the Owners of the Bonds is required in addition to the consent of the Bond Insurer.

The rights of the Bond Insurer to direct or consent to the actions under the Indenture of the Authority, the Trustee, or the Owners of the Bonds shall be suspended during any period in which the Bond Insurer is in default in its payment obligations under the Bond Insurance Policy (except to the extent of amounts previously paid by the Bond Insurer and due and owing to the Bond Insurer) and shall be of no force or effect in the event the Bond

Insurance Policy is no longer in effect or the Bond Insurer asserts that the Bond Insurance Policy is not in effect or the Bond Insurer shall have provided written notice that it waives such rights.

The Authority shall hold and shall not sell or otherwise dispose of the Acquired Obligations prior to the payment thereof in full without the prior written consent of the Bond Insurer.

Any reorganization or liquidation plan with respect to the Authority or the City must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Owners who hold the Bond Insurer-insured Bonds absent a default by the Bond Insurer under the Bond Insurance Policy insuring such Bonds.

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, acting alone, 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.

ACQUIRED OBLIGATIONS INDENTURES

The following is a brief summary of each of the Acquired Obligations Indentures (each, an “Acquired Obligation Indenture”) and is not intended to be definitive. Reference is made to the actual documents (copies of which are available from the Acquired Obligations Trustee) for the complete terms thereof. Except as otherwise defined in this summary of the Acquired Obligations Indentures, 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 of the Acquired Obligations Indentures. The definition of each term set forth below should be read as pertaining to each Acquired Obligation Indenture, each Project Area, and each series of Acquired Obligations, as applicable.

Definitions

Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any Supplemental Acquired Obligations Indenture and of any certificate, opinion, request, or other document herein or therein mentioned have the meanings herein specified.

“Acquired Obligations Indenture” means an Indenture of Trust, as applicable, dated as of December 1, 2006, by and between the Commission and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Acquired Obligations Indentures executed pursuant to the provisions hereof.

“Bond Insurer” means any company insuring the bonds of the Authority, the proceeds of which bonds are used to purchase the Bonds.

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

“Bonds” means, as applicable, (i) the Oxnard Community Development Commission Ormond Beach Project Area Tax Allocation Bonds, Series 2006, (ii) the Oxnard Community Development Commission Southwinds Project Area Tax Allocation Bonds, Series 2006, and (iii) the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2006, and, if the context requires, any Parity Debt, authorized by and at any time Outstanding pursuant to the Acquired Obligations Indenture or any Supplemental Acquired Obligations Indenture.

“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 Acquired Obligations 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 Acquired Obligations Indenture, and, unless otherwise specifically provided in the Acquired Obligations Indenture, no interest shall accrue for the period from and after such nominal date.

“Closing Date” means the date on which the Acquired Obligations are delivered to the Authority.

“Computation Year” means with respect to the Bonds the period beginning on the Closing Date and ending on September 1, 2007, and thereafter each successive twelve month period commencing on the following September 2 and ending on the following September 1.

“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 Acquired Obligations Indenture.

“Event of Default” has the meaning given to such term in the Acquired Obligations 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.

“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 Redevelopment Law.

“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 Acquired Obligations Indenture) all Bonds, 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 Acquired Obligations 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 hereto.

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.

“Plan Limitations” means the limitations contained or incorporated 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.

“Project Area” means, as applicable, the Ormond Beach Redevelopment Project Area, the Southwinds Redevelopment Project Area, and the Historic Enhancement and Revitalization of Oxnard (HERO) Redevelopment Project Area.

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

“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 Acquired Obligations Indenture for the security of the Bonds and any Parity Debt.

“Supplemental Acquired Obligations Indenture” means any Acquired Obligations Indenture then in full force and effect which has been duly executed and delivered by the Commission and the Trustee amendatory hereto or supplemental hereto; but only if and to the extent that such Supplemental Acquired Obligations Indenture is specifically authorized under the Acquired Obligations Indenture. In addition, as the context requires, “Supplemental Acquired Obligations 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 Redevelopment 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 Redevelopment 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 Redevelopment 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.

“Trustee” means Wells Fargo Bank, National Association, a national banking association existing under the laws of the United States of America, and its successors or assigns, or any other association or corporation which

may at any time be substituted in its place as provided in the Acquired Obligations Indenture, and its successors or assigns.

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

Investment of Moneys in Funds

Moneys in the funds established under the Acquired Obligations 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 (15) 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 Acquired Obligations Indenture. 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 Acquired Obligations Indenture. Notwithstanding anything in the Acquired Obligations Indenture to the contrary, the Trustee shall not be responsible for any loss from investments, sales, or transfers undertaken in accordance with the Acquired Obligations Indenture. Except as otherwise expressly provided in the Acquired Obligations 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 Acquired Obligations Indenture, all Permitted Investments credited to such fund shall be valued at the cost thereof. Investments shall be valued not less often than on or about June 30 of each year commencing on June 30, 2007, 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 Acquired Obligations 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.

Amendment of the Acquired Obligations Indenture

The Acquired Obligations Indenture and the rights and obligations of the Commission and of the Owners may be amended at any time by a Supplemental Acquired Obligations Indenture, which shall become binding with the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Acquired Obligations Indenture, are filed with the Trustee. Any rating agency then rating the Bonds shall receive a notice of each amendment of the Acquired Obligations Indenture and shall receive a copy thereof at least fifteen (15) days in advance of the execution or adoption of such amendment. 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 Acquired Obligations 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 Acquired Obligations Indenture, or (3) modify any rights or obligations of the Trustee without its prior written assent thereto.

The Acquired Obligations Indenture and the rights and obligations of the Commission and of the Owners may also be amended at any time by a Supplemental Acquired Obligations Indenture, which shall become binding upon adoption without the consent of any Owners, 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 Acquired Obligations 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 Acquired Obligations Indenture to or conferred therein on the Commission, and which in either case shall not adversely affect the interests of the Owners;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing, or supplementing any defective provision contained in the Acquired Obligations Indenture or in regard to questions arising under the Acquired Obligations 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 Acquired Obligations 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 Acquired Obligations Indenture; or

(d) to prescribe further limitations and procedures regarding the use of the proceeds of the Bonds and the moneys held under the Acquired Obligations 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 Acquired Obligations Indenture, and shall not be entitled to consent to or take any other action provided in the Acquired Obligations 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;

(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;

(c) if default shall be made by the Commission in the performance of any of the other agreements or covenants required in the Acquired Obligations 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 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 Acquired Obligations Indenture or in the Bonds to the contrary notwithstanding. The foregoing, 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.

Waiver of Events of Default; Effect of Waiver

The Trustee shall waive any Event of Default under the Acquired Obligations Indenture and its consequences and rescind any declaration of acceleration upon 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 Acquired Obligations 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 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 Acquired Obligations Indenture to the Trustee 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 Acquired Obligations Indenture to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners in the Acquired Obligations Indenture, 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 Acquired Obligations Indenture.

The Trustee may refuse to follow any direction that conflicts with law or the Acquired Obligations 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 Acquired Obligations 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 Acquired Obligations Indenture, or any other remedy under the Acquired Obligations 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 Acquired Obligations 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 granted in the Acquired Obligations Indenture, 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 declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Acquired Obligations Indenture or for any other remedy under the Acquired Obligations Indenture; it being understood and intended that no one or more Owners of the Bonds secured by the Acquired Obligations Indenture shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security of the Acquired Obligations Indenture, or to enforce any right under the Acquired Obligations Indenture or under the Bonds, except in the manner provided in the Acquired Obligations Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Acquired Obligations Indenture, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of the Acquired Obligations 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 premium, if any, thereon at the times and in the manner stipulated in the Acquired Obligations Indenture and therein, then all agreements, covenants, and other obligations of the Commission to the Owners of such Bonds under the Acquired Obligations 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 to the Acquired Obligations Indenture which are not required for the payment of the interest on and principal of and redemption premium, 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 Acquired Obligations 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 Acquired Obligations 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 Acquired Obligations Indenture and such lien and all covenants, agreements, and other obligations of the Commission under the Acquired Obligations Indenture shall cease, terminate, become void, and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of the Acquired Obligations Indenture or the discharge of the Acquired Obligations Indenture in respect of any Bonds, those provisions of the Acquired Obligations 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 Acquired Obligations Indenture or the discharge of the Acquired Obligations Indenture in respect of any Bonds, those provisions of the Acquired Obligations Indenture relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Trustee and the Commission.

(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 the Acquired Obligations Indenture 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 Acquired Obligations Indenture, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with the Acquired Obligations Indenture, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and

interest by the United States of America, to which direct obligations or guaranteed securities the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof) (or any such other obligations or securities as shall be approved in writing by the Bond Insurer), 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 premium, 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 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 Acquired Obligations 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 premium, if any, on such Bonds.

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

Unclaimed Money

Anything contained in the Acquired Obligations Indenture to the contrary notwithstanding, the Trustee shall notify the Commission 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.

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APPENDIX B

GENERAL INFORMATION CONCERNING THE CITY OF OXNARD

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

General

The City is located in western Ventura County (the “County”) on the shore of the Pacific Ocean. The City is approximately 65 miles northwest of the City of Los Angeles, 35 miles south of the City of Santa Barbara, and 6 miles south of the county seat of the County. The City is the financial hub of the County and the largest city in the County, with a population estimated at 188,941 in 2005, accounting for over 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 2.4% for the past decade.

Population

The City’s population has grown from approximately 152,800 people in 1996 to approximately 188,941 in 2005. The following table shows the approximate changes in population in the City, the County, the State, and the United States for the years 1996 through 2005.

**Population of
City, County, State, and U.S.
1996 through 2005 ⁽¹⁾**

Year	City	Population Percentage Change	County	Population Percentage Change	State (000)	Population Percentage Change	United States (000)	Population Percentage Change
1996	152,800	--	707,800	--	31,837	--	269,667	--
1997	153,700	0.59%	716,100	1.17%	32,207	1.16%	272,912	1.20%
1998	156,000	1.50	725,400	1.30	32,657	1.40	276,115	1.17
1999	158,300	1.47	736,000	1.46	33,140	1.48	279,295	1.15
2000	160,300	1.26	750,500	1.97	33,753	1.85	282,193	1.04
2001	177,700	10.85	766,539	2.14	33,873	0.36	285,108	1.03
2002	182,027	2.44	781,199	1.91	35,089	3.59	287,985	1.01
2003	181,800	(0.12)	793,873	1.62	35,691	1.71	290,850	0.99
2004	186,122	2.38	804,524	1.34	36,271	1.63	293,657	0.97
2005	188,941	1.51	813,052	1.06	36,810	1.49	296,410	0.94

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

Sources: For City: City’s Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2005; for State: California Department of Finance; for U.S.: United States Bureau of the Census.

Property Tax Rates

In June of 1978, California voters approved Proposition 13 (the Jarvis-Gann Initiative), which added Article XIII A to the California Constitution. Article XIII A limits *ad valorem* taxes on real property to 1% of the full cash value, plus taxes necessary to repay indebtedness approved by the voters prior to July 1, 1978. Voter-approved

obligations of the City are comprised of 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
1996 through 2005**

Year Ended <u>June 30</u>	<u>County Tax</u>	City District (Public Safety <u>Retirement Debt</u>)	<u>School Districts</u>	<u>Water Districts</u>	<u>Total Tax Rates</u>
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
2004	1.00	0.0766	0.2022	0.0509	1.3297
2005	1.00	0.0766	0.1849	0.0480	1.3095

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2005.

Property Tax Levies, Collections, and Delinquencies

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

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

Property owners may redeem property upon payment of delinquent taxes and penalties. Tax-delinquent properties are subject to a redemption penalty of 1.5% 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 1.5% 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
1996 through 2005**

Year Ended <u>June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	Percentage of <u>Tax Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	Total Collections as a Percentage of <u>Tax Levy</u>
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	26,055,636	100.40
2003	30,040,000	29,892,747	99.51	190,546	29,233,880	97.32
2004	35,432,169	35,281,916	99.58	344,390	35,427,088	99.99
2005	44,743,658	49,223,170	110.67	126,250	49,349,420	110.95

(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, 2005.

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
1996 through 2005**

Year Ended <u>June 30</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Exemptions</u>	<u>Total Assessed Value</u>
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
2004	10,228,878,641	117,948,102	1,346,099,223	9,000,727,520
2005	11,509,455,540	114,301,049	1,537,114,090	10,086,642,499

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2005.

Principal Taxpayers

The following table lists the principal taxpayers in the City as of June 30, 2005.

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	\$ 260,096,649	2.267%
St. John's Regional Medical Center	Hospital	196,605,247	1.714
SI VIII LLC	Real Estate Development	71,558,454	0.624
Duesenberg Investment Company	Commercial Development	60,254,119	0.525
Weyerhaeuser Company	Processed Paper Manufacturer	56,539,900	0.493
Fred Kavli	Real Estate Development	56,433,705	0.492
Seminis Inc.	Seeds	51,047,509	0.445
Essex Tierra Vista	Real Estate Development	47,214,603	0.412
Centro Watt Operating Partners LLC	Real Estate Development	47,184,000	0.411
First Security Bank/PTI Advanced Technologies	Supplier of Filtration Products	36,594,117	0.319
BMW of North America Inc.	Auto Preparation	35,598,114	0.310
AT&T Credit Corporation Trust	Commercial Credit	34,517,771	0.301
Terminal Freezers	Refrigerated Warehousing	33,620,140	0.293
PEGH Investments LLC	Real Estate Development	32,575,511	0.284
Other Taxpayers	Various	<u>10,453,329,644</u>	<u>91.111</u>
Totals		<u>\$11,473,169,483</u>	<u>100.000%</u>

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2005.

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, 2005, are set forth in the following table:

City of Oxnard Outstanding Debt (As of June 30, 2005)

<u>Type of Debt</u>	<u>Outstanding Balance (as of June 30, 2005)</u>
Tax Allocation Bonds ⁽¹⁾	\$ 18,546,589
Revenue Bonds ⁽²⁾	256,516,076
Capital Leases	3,881,468
Notes and Loans Payable	5,205,852
Certificates of Participation	<u>7,835,000</u>
Total	<u>\$201,084,085</u>

(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, wastewater and treatment expansion, water, golf course, solid waste improvements, and public housing. Debt service on such 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, 2005.

Employment

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

Year	City		County	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate
2004	86,300	7.7%	416,100	5.3%
2003	85,700	8.3	413,100	5.8
2002	84,800	8.3	408,000	5.8
2001	82,600	7.0	399,500	4.9
2000	81,100	6.6	393,000	4.5

Source: State of California, Employment Development Department.

Taxable Retail Sales

Consumer spending in calendar year 2004 resulted in \$2,039,218 \$2,172,606 in taxable sales in the City, which is approximately 6.5% above calendar year 2003. Although the taxable sales figures for each type of business are not yet available from the California Board of Equalization for calendar year 2004, the following table sets forth information regarding taxable sales in the City for each type of business for calendar years 2000 through 2003.

City of Oxnard Taxable Retail Sales by Type of Business 2000 - 2003 (000s)				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Apparel stores	\$ 43,441	\$ 46,037	\$ 53,650	\$ 50,399
General merchandise stores	241,410	257,339	273,297	290,338
Food stores	66,134	64,173	67,002	73,061
Eating and drinking places	128,529	133,815	145,771	153,932
Home furnishings and appliances	44,273	54,840	76,151	102,279
Building materials and farm implements	187,530	205,872	200,206	206,417
Auto dealers and auto supplies	345,079	412,761	472,647	513,072
Service stations	87,773	93,812	94,533	113,140
Other retail stores	<u>200,655</u>	<u>197,837</u>	<u>204,148</u>	<u>213,714</u>
Total Retail Outlets	1,344,824	1,466,486	1,587,405	1,716,352
All Other Outlets	<u>275,985</u>	<u>308,660</u>	<u>313,131</u>	<u>322,866</u>
Total All Outlets	\$1,620,809	\$1,775,146	\$1,900,536	\$2,039,218

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 of the aforementioned 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.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

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

Re: FINAL OPINION
\$20,530,000 City of Oxnard Financing Authority
Local Obligation Revenue Bonds
(2006 Tax Allocation Bond Financings)

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Oxnard Financing Authority (the "Authority") in connection with the issuance by the Authority of \$20,530,000 aggregate principal amount of City of Oxnard Financing Authority Local Obligation Revenue Bonds (2006 Tax Allocation Bond Financings (the "Bonds")), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, and the provisions of an Indenture of Trust, dated as of December 1, 2006 (the "Indenture"), by and between the Authority and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

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

Certain agreements, requirements, and procedures contained or referred to in the Indenture, 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 Authority. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted, or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof.

Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions, or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization,

arrangement, fraudulent conveyance, moratorium, and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against joint powers authorities in the State of California.

We 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 Revenues.

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

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues.
3. Interest on the Bonds is 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 3 above, 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 D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by and between the City of Oxnard Financing Authority (the “Authority”) and Wells Fargo Bank, National Association, in its capacity as dissemination agent (the “Dissemination Agent”), in connection with the issuance by the Authority of its City of Oxnard Financing Authority Local Obligation Revenue Bonds (2006 Tax Allocation Bond Financings) in the aggregate principal amount of \$20,530,000 (the “Bonds”). The Bonds are being issued pursuant to the provisions of an Indenture of Trust, dated as of December 1, 2006 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and pursuant to the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, in order to provide funds to purchase the following outstanding obligations: (i) the Oxnard Community Development Commission Ormond Beach Project Area Tax Allocation Bonds, Series 2006 (the “Ormond Beach Bonds”), which are being issued to provide moneys to finance redevelopment activities in the Ormond Beach Redevelopment Project Area (the “Ormond Beach Project Area”), (ii) the Oxnard Community Development Commission Southwinds Project Area Tax Allocation Bonds, Series 2006 (the “Southwinds Bonds”), which are being issued to provide moneys to finance redevelopment activities in the Southwinds Redevelopment Project Area (the “Southwinds Project Area”), and (iii) the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2006 (the “HERO Bonds” and, together with the Ormond Beach Bonds and the Southwinds Bonds, the “Acquired Obligations”), which are being issued to provide moneys to finance redevelopment activities in the Historic Enhancement and Revitalization of Oxnard (HERO) Redevelopment Project Area (the “HERO Project Area” and, together with the Ormond Beach Project Area and the Southwinds Project Area, the “Project Areas”). The Authority and the Dissemination Agent hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the 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, as amended, 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 Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Annual Report Date*” shall mean the date in each year that is nine months after the end of the Authority’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“*City*” shall mean the City of Oxnard, California.

“*Commission*” shall mean the Oxnard Community Development Commission.

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

“*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 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 Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2007, provide to each Repository 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) calendar days prior to said date, the Authority shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the Authority. The Annual Report 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. The Annual Report may be filed using the SEC-Approved Electronic Transmission Facilities Provided by the Texas Municipal Advisory Council at website <http://www.disclosureusa.org>. If the Authority’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 Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority and shall have no duty or obligation to review such Annual Report.

(b) If the Authority is unable to provide evidence to the Dissemination Agent that it has delivered, or caused to be delivered, the Annual Report to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repositories 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 Authority 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 Authority.

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

(a) Audited financial statements of the Commission 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. As of the date hereof, no annual or other financial statements are prepared for the Authority.

(b) The following information with respect to the Authority, the Commission, the Bonds, and the Acquired Obligations 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 the amount on deposit in the Reserve Fund (taking into account any reserve fund surety bond or insurance policy) is less than the Reserve Requirement, the amount of such delinquency.
4. Principal amount of each of the Acquired Obligations (including principal amount and years of maturity of such Acquired Obligations, if any, called for redemption in advance of maturity), and any bonds issued to refund the same.
5. Balance in the funds and accounts established under each of the Acquired Obligations Indentures.
6. An update of the following information included in the Official Statement:
 - Table 2: Ormond Beach Project Area – Assessed Values
 - Table 9: Southwinds Project Area – Assessed Values
 - Table 17: HERO Project Area – Assessed Values

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City, the Authority, the Commission, or related public entities that 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 Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, 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 Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall as soon as possible determine if such event would be material under applicable federal securities law.

(c) If the Authority determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the Authority shall promptly file a notice of such occurrence with each Repository, with a copy to the Trustee and the Participating Underwriter. Notice may be given using the SEC-Approved Electronic Transmission Facilities Provided by the Texas Municipal Advisory Council at website <http://www.disclosureusa.org>. 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 Authority and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Authority may from time to time appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. 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 Authority and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority 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 Authority or nationally recognized bond counsel, materially impair the interest of Bond Owners.

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 Authority 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 Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority 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 Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the Authority pursuant to this Disclosure Agreement. The Authority shall pay the reasonable fees and expenses of the Dissemination Agent for its duties hereunder.

Section 12. Beneficiaries. The Disclosure Agreement shall inure solely to the benefit of the Authority, the Commission, the Dissemination Agent, the City, 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]

CITY OF OXNARD FINANCING AUTHORITY

By: _____
Authorized Signatory

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Oxnard Financing Authority

Names of Bond Issue: \$20,530,000 City of Oxnard Financing Authority Local Obligation Revenue Bonds (2006 Tax Allocation Bond Financings)

NOTICE IS HEREBY GIVEN that the City of Oxnard Financing Authority (the "Authority") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated [Closing Date]. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

cc: City of Oxnard Financing Authority

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APPENDIX E

SPECIMEN BOND INSURANCE POLICY

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Financial Guaranty Insurance Policy

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or 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; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. 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 Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)



Authorized Officer of Insurance Trustee

Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

In the event that Ambac Assurance Corporation were to become insolvent, any claims arising under the Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

Ambac Assurance Corporation



President



Secretary

Authorized Representative

APPENDIX F

SUMMARY OF 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., nominee of The Depository Trust Company (“DTC”), or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate for each maturity of the Bonds will be issued for the Bonds, in the aggregate principal amount of each such maturity, and will be deposited with DTC. The following description of DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the City or the Authority, and neither the City nor the Authority shall have any liability with respect thereto. Neither the City nor the Authority shall have any responsibility or liability for any aspects of the records maintained by DTC relating to or payments made on account of beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Bonds.

DTC, the world’s largest depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate, and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and ww.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption Notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City or the Authority as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Authority or the City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC in accordance with the terms of the Indenture.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE AUTHORITY BELIEVE TO BE RELIABLE, BUT NEITHER THE CITY NOR THE AUTHORITY TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE CITY 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.

APPENDIX G

FISCAL CONSULTANT'S REPORT

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OXNARD COMMUNITY DEVELOPMENT COMMISSION

**ORMOND BEACH REDEVELOPMENT PROJECT
SOUTHWINDS REDEVELOPMENT PROJECT**

AND

HISTORIC ENHANCEMENT AND REVITALIZATION OF OXNARD

**PROJECTED TAXABLE VALUES AND
ANTICIPATED TAX INCREMENT REVENUES**

December 5, 2006

I. Introduction

The City of Oxnard Financing Authority Local Obligation Revenue Bonds (2006 Tax Allocation Bond Financings) (the “Bonds”), are being issued by the City of Oxnard Financing Authority (the “Authority”) pursuant to an Indenture of Trust by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and will be secured as described below. The Bonds are being issued to purchase the following obligations: (i) the Oxnard Community Development Commission Ormond Beach Project Area Tax Allocation Bonds, Series 2006 (the “Ormond Beach Bonds”), (ii) the Oxnard Community Development Commission Southwinds Project Area Tax Allocation Bonds, Series 2006 (the “Southwinds Bonds”), and (iii) the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2006 (the “HERO Bonds”). The Ormond Beach Bonds, the Southwinds Bonds and the HERO Bonds are together referred to as the “Acquired Obligations”. The debt service on the Ormond Beach Bonds will be secured by tax increment revenues from the Ormond Beach Redevelopment Project (herein referred to as “Ormond”). The debt service on the Southwinds Bonds will be secured by tax increment revenues from the Southwinds Redevelopment Project (herein referred to as “Southwinds”). The debt service on the HERO Bonds will be secured by tax increment revenues from the Historic Enhancement and Revitalization of Oxnard (herein referred to as “HERO”) and from the HERO Added Area (herein referred to as “Added Area”). When referred to together, HERO and the Added Area are referred to as the “HERO Project Area.” Taken together this group of redevelopment project areas will be referred to as the “Project Areas” in this report.

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 in a redevelopment project area 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

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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 Acquired Obligations (see Section VII, Tax Sharing Agreements and Other Obligations); and, other obligations with a lien on revenue superior to debt service on the Acquired Obligations, are referred to as Tax Revenues. Tax Revenues less tax sharing and applicable owner participation agreement payments with a lien on Tax Revenues that is subordinate to the lien for debt service payments on the Acquired Obligations (see Section VII, Tax Sharing Agreements and Other Obligations) are referred to as Net Tax Revenue.

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 Oxnard Community Development Commission (the "Commission") from the Project Areas for the current fiscal year and nine subsequent fiscal years. Provisions of the Law and the Amended and Restated Redevelopment Plans for Ormond, Southwinds and the HERO Project Area determine the amount of Tax Revenue that the Commission may utilize for purposes of making debt service 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 Areas will be as shown in Table A below (000's omitted):

**Table A
Project Area Tax Revenues**

Fiscal Year	Ormond	Southwinds	HERO Project Area
2006-07	\$ 962	\$676	\$5,870
2007-08	985	709	6,207
2008-09	1,009	727	6,432
2009-10	1,033	747	6,660
2010-11	1,058	766	6,892
2011-12	1,083	786	7,129
2012-13	1,109	806	7,371
2013-14	1,135	827	7,617
2014-15	1,162	848	7,867
2015-16	1,189	870	8,122
2016-17	1,217	892	8,382

The taxable values of property and the resulting Tax Revenues for the Project Areas 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 Areas 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 Areas. 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 Areas

Ormond

The Redevelopment Plan for the Ormond Beach Redevelopment Project was originally adopted by the City Council (the "City Council") of the City of Oxnard (the "City") by Ordinance No. 1990 on November 22, 1983. The project area is about 1,334 acres in size and includes Ormond Beach and the areas inland from the beach. The project area is generally bounded by Hueneme Road on the north, Arnold Road on the east and by Pacific Ocean on the south and southwest. Ormond is predominantly zoned for industrial uses but contains a large number of exempt government owned parcels.

Southwinds

The Redevelopment Plan for the Southwinds Redevelopment Project was adopted by the City Council on June 18, 1985 by Ordinance No. 2040. This project area is about 131 acres in size and is generally located west of Saviers Road, north of Hueneme Road, east of J Street and south of Pleasant Valley Road. The majority of the parcels within Southwinds are in residential use.

HERO

The Redevelopment Plan for HERO (not including the Added Area) was originally adopted by the City Council by Ordinance No. 2462 on April 7, 1998. This project area is about 2,117 acres in size and is made up of a number of non-contiguous parcels located in the north, south, east and west areas of the City. The project area is largely residential in nature with sizeable commercial and industrial components. On March 23, 2004 the City Council adopted Ordinance No. 2653 expanding the HERO project area to include the Added Area that consists of a number of non-contiguous parcels totaling 84.52 acres. These parcels are located in various parts of the City. This Added Area is subject to the limits of any new redevelopment project. The HERO Project Area now totals approximately 2,202 acres.

A. Land Use

Table B represents the breakdown of land use in the Project Areas by the number of parcels, their acreage and their taxable value for fiscal year 2006-07. 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

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figures associated with the parcels appear to be consistent with the values shown on the Assessor's maps.

**Table B
Ormond**

Category	No. Parcels	Net Taxable Value	% of Total
Commercial	1	\$ 8,171,712	2.42%
Industrial	38	118,268,674	35.01%
Exempt	206	0	0.00%
Miscellaneous	<u>9</u>	<u>7,558,930</u>	<u>2.24%</u>
Subtotal	254	\$133,999,316	39.67%
SBE Non-Unitary		\$142,700,990	42.24%
Unsecured		<u>61,128,236</u>	<u>18.09%</u>
Subtotal		\$203,829,226	60.33%
Total:		\$337,828,542	100.00%

**Table B
Southwinds**

Category	No. Parcels	Net Taxable Value	% of Total
Residential	457	\$183,248,040	92.85%
Commercial	12	9,171,219	4.65%
Recreational	1	1,008,147	0.51%
Institutional	1	0	0.00%
Vacant Land	16	2,785,370	1.41%
Exempt	6	0	0.00%
Miscellaneous	<u>3</u>	<u>139,490</u>	<u>0.07%</u>
Subtotal	496	\$196,352,266	99.49%
Unsecured		<u>\$1,007,829</u>	<u>0.51%</u>
Total:		\$197,360,095	100.00%

**Table B
HERO Project Area**

Category	No. Parcels	Net Taxable Value	% of Total
Residential	2,133	\$472,053,527	34.38%
Commercial	332	476,343,949	34.70%
Industrial	162	176,306,952	12.84%
Irrigated Farm	2	407,891	0.03%
Recreational	9	6,541,096	0.48%
Institutional	26	2,690,615	0.20%
Vacant Land	128	114,580,821	8.35%
Exempt	116	0	0.00%
Miscellaneous	<u>32</u>	<u>4,344,084</u>	<u>0.32%</u>
Subtotal	2,940	\$1,253,268,935	91.29%
SBE Non-Unitary		228,524	0.01%
Unsecured		<u>119,373,800</u>	<u>8.70%</u>
Subtotal		\$119,602,324	8.71%
Total:		\$1,372,871,259	100.00%

The following Table C breaks down the privately owned, vacant parcels for the Project Areas from information provided on the County property tax rolls. Vacant parcels listed in Table C below do not include exempt parcels owned by governmental entities or utilities. The table compares the amount of privately held vacant property in HERO and Southwinds to the total acreage of that project area. There are no vacant parcels found within Ormond or the Added Area.

**Table C
 Privately Owned Vacant Property**

	<u>No. Vacant Parcels</u>	<u>Vacant Acres</u>	<u>Project Area Acres</u>	<u>% Vacant Acres</u>
HERO	128	224.30 acres	2,117 acres	10.60%
Added Area	0	0.00 acres	85 acres	0.00%
Southwinds	16	6.64 acres	131 acres	5.06%
Ormond	0	0.00 acres	1,334 acres	0.00%

B. Redevelopment Plan Limits

The redevelopment plans of the Ormond and Southwinds Project Areas as originally adopted contained certain limitations. These limitations were in accordance with the Law as it existed when the redevelopment plans for 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 Ordinance No. 2345 on November 8, 1994 that amended the Southwinds redevelopment plan. The Commission adopted Ordinance No. 2346 on November 8, 1994 that amended the Ormond redevelopment plan pursuant to Chapter 942. The redevelopment plan limits for Ormond and Southwinds were further amended pursuant to Chapter 942 on February 3, 2004 by Ordinance Nos. 2646 and 2647 respectively.

Chapter 942, Statutes of 1993, established limits on redevelopment plans adopted after December 31, 1993. The redevelopment plans for the HERO and Added Area Project Areas were adopted after December 31, 1993. Chapter 942 specified that the effectiveness of a redevelopment plan adopted after 1993 shall expire 30 years from the date of adoption of the redevelopment plan. The time limit for establishing indebtedness is 20 years from the date of adoption of the redevelopment plan and the Commission may repay indebtedness for a total of 45 years from the date of the adoption of the redevelopment plan. Any eminent domain proceedings undertaken by the Commission must be initiated within 12 years of the adoption date of the redevelopment plan.

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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 under Section 33607.7 of the Law.

On July 18, 2000 the City Council adopted Ordinance No. 2527 which changed the last date to incur indebtedness for Ormond from January 1, 2004 to January 1, 2014. On the same date, the City Council adopted Ordinance No. 2528 which changed the last date to incur indebtedness for Southwinds from June 17, 2005 to June 17, 2015. These changes triggered an obligation to make statutory tax sharing payments under Section 33607.7 of the Law beginning in fiscal years 2004-05 and 2005-06 respectively. These statutory tax sharing payments will be made only to those taxing entities, including the City of Oxnard, that have not previously entered into tax sharing agreements with the Commission (see Section VII, Tax Sharing and Other Obligations).

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 Nos. 2645, 2646 and 2647 making such a one year extension for HERO, Ormond and Southwinds respectively. The Added Area is ineligible for such extension because it was adopted after fiscal year 2003-04. The applicable redevelopment plan limits for each of the Project Areas, as modified, are summarized below in Table D.

**Table D
Applicable Redevelopment Plan Limits**

<u>Project Area</u>	<u>Last Date to Incur New Debt</u>	<u>Plan Expiration</u>	<u>Last Date to Repay Debt</u>	<u>Cumulative Tax Increment Limit</u>	<u>Limit on Bonded Debt Outstanding</u>
Ormond	January 1, 2014	November 21, 2025	November 21, 2035	\$343.2 million	\$148.6 million
Southwinds	June 17, 2015	June 17, 2026	June 17, 2036	\$122.5 million	\$50.997 million
HERO	April 7, 2018	April 7, 2029	April 7, 2044	None	\$360 million
Added Area	March 22, 2024	March 22, 2034	March 22, 2049	None	

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 limits for Ormond or Southwinds will be exceeded.

This is illustrated by the fact that using a highly conservative assumption that Ormond and Southwinds received the same amount of Gross Tax Revenue as projected for 2006-07 in all

prior years that the project areas were eligible to receive tax revenue and that they continue to receive revenue as we have projected through the lives of each area. Using these assumptions, when Ormond reaches its time limit for repayment of indebtedness it would still be \$164.6 million below its tax increment limit. Again using these assumptions, when Southwinds reaches its time limit for repayment of indebtedness it would still be \$18.2 million below its tax increment limit. If, under this assumption of revenue for prior years, the growth in assessed value for the remaining life of Ormond is sustained at greater than 6.75% per year the cumulative tax increment may exceed the tax increment limit before Ormond's last date to repay debt with tax increment revenue.

If, under this assumption of revenue for prior years, the growth in assessed value for the remaining life of Southwinds is sustained at greater than 3.00% per year the cumulative tax increment may exceed the tax increment limit before Southwinds' last date to repay debt with tax increment revenue. If these cumulative tax increment limits are reached, the Commission would no longer be able to collect tax increment revenue for the repayment of debt in Ormond and Southwinds 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 Areas. The assessments are assigned to Tax Rate Areas ("TRA") that are collectively coterminous with the boundaries of the respective Project Areas. The historic reported taxable values for the Project Areas were reviewed in order to ascertain the rate of taxable property valuation growth over the ten most recent fiscal years beginning with 1996-97. Valuations prior to 1999-00 were not inclusive of the assessed values for HERO because it was not eligible to receive tax increment prior to the 1999-00 fiscal year.

Within Ormond assessed values have varied from year to year since 1996-97. Much of this variation is the result of changes in value and changes in the categorization of value for the Reliant Energy Ormond Beach Inc. ("Reliant Energy") electrical generation facility. The value on this major facility has been included within the secured tax roll as State Board of Equalization ("SBOE") assessed property and from earlier years through 1998-99 was owned by Southern California Edison. In 1998-99 the property was sold to the current owner. Problems with the reassessment of the property after the sale caused delays in getting the property's value on the equalized tax roll, which resulted in a 9.15% reduction in assessed value for 1999-00. The successful reappraisal of the property for 2000-01 resulted in an increase in assessed value of 36.9% for this fiscal year. After slight decreases in value in 2001-02 and 2002-03, the values jumped by 53.59% in 2003-04 as the result of the full reappraised value of the Reliant Energy being added to the tax rolls. For 2006-07, the SBOE has reassessed the Reliant Energy properties at \$141,665,833. This is a reduction of \$26,900,000 (15.96%) from the property's 2005-06 value. This reduction in value was partially offset by increases in value on other properties, but values for 2006-07 were down \$22,243,596 (-6.18%) relative to fiscal year 2005-

06. Despite the up and down variations of value, Ormond has increased its assessed value by \$216,180,376 (177.71%) since 1996-97.

Within Southwinds, assessed values have steadily grown since 1996-97 and that growth has accelerated beginning in 2003-04. Because of the heavy concentration of residential development within Southwinds, this growth is mainly fueled by the increases in residential values experienced by the City and the rest of state. Assessed values have grown by \$104,746,737 (113.10%) from 1996-97 through 2006-07. Southwinds has experienced double digit growth in each of the past four years including 11.14% growth for 2003-04, 14.32% growth for 2004-05, 21.56% growth for 2005-06 and 17.93% for 2006-07. This growth has been experienced on the secured roll with the project area's unsecured values remaining a small percentage of the project area's total value.

As discussed earlier, HERO with its 1997-98 base year is a relatively new project area. Its Added Area first became eligible to receive tax increment in 2005-06. Several issues arose in HERO's early years that inhibited its allocation of tax increment revenue. The County Assessor inadvertently included over 300 parcels that did not belong in the project area for 1999-00 and 2000-01. As a result, the Commission was allocated about \$2.14 million to which it was not entitled during these two fiscal years. The Commission discovered the error and called it to the County's attention. The corrective measure undertaken by the County Auditor Controller was to withhold all tax increment revenue from HERO until the overpayment was recovered. The recovery was completed in January 2004 and the Commission has received tax increment revenue allocations thereafter.

During the four year period from 1999-00 through 2004-05 HERO's assessed values grew by \$416,332,075 (73.0%) with double digit growth in assessed value in each year except 2003-04 (5.76%). This value increase was partly attributable to the growth in residential values over this four year period as well as to increases in assessed value among commercial properties. The inclusion of the Added Area in 2004-05 caused a change in the HERO Project Area's base year value and increased the assessed values for 2005-06. HERO Project Area's assessed values for 2005-06 were \$240,377,146 (24.36%) higher than its assessed values for 2004-05. Of this increase, \$177,113,223 (17.95%) was attributable to growth within the original HERO project and \$63.3 million was attributable to the assessed value in the new Added Area. The 2006-07 tax roll revealed an increase in assessed value of \$145,879,096 (11.89%) over fiscal year 2005-06. This resulted in an increase in incremental value of 27.37%. Unsecured values decreased by \$22,196,795 from 2005-06 to 2006-07 but this was primarily the result of a reassignment of cogeneration facility fixture value from the unsecured roll to the secured roll.

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Project Areas for fiscal year 2006-07 was conducted. The assessed values of those properties controlled by the top ten taxpayers in each Project Area were compared to the total assessed value and incremental value of that Project Area. The following Table E summarizes the attributes of the top ten taxpayers for each Project Area. A

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more complete outline of the top taxpayer information is contained on Table 4 of the attached tax increment projections.

**Table E
Ormond Top Ten Taxpayers**

<u>Taxpayer</u>	Taxpayer Assessed Value	% Of Ormond Assessed Value	% Of Ormond Incremental Value
		\$337,828,542	\$258,250,801
Reliant Energy Ormond Beach	\$141,665,833	41.93%	54.86%
Weyerhaeuser Company	\$51,828,300	15.34%	20.07%
BMW of North America	\$42,070,446	12.45%	16.29%
Pacific Vehicle Processors Inc.	\$27,611,914	8.17%	10.69%
Cook Composites/Polymers Co.	\$12,223,005	3.62%	4.73%
Aluminum Precision Products	\$8,571,220	2.54%	3.32%
Western Craft Corporation	\$6,209,376	1.84%	2.40%
Public Storage Institutional Fund III	\$5,538,296	1.64%	2.14%
Walter E. & Sally J. Hartman Trust	\$4,721,409	1.40%	1.83%
Paul D. Porteous Trust	<u>\$4,526,341</u>	<u>1.34%</u>	<u>1.75%</u>
Totals:	\$304,966,140	90.27%	118.09%

**Table E
Southwinds Top Ten Taxpayers**

<u>Taxpayer</u>	Taxpayer Assessed Value	% Of Southwinds Assessed Value	% Of Southwinds Incremental Value
		\$197,360,095	\$144,792,917
Sussex Holdings LLC	\$12,035,490	6.10%	8.31%
Brentwood Holdings	\$10,898,190	5.52%	7.53%
Patrick & Suzanne A. O'Toole Trust	\$4,728,720	2.40%	3.27%
Marc J. Brauer	\$3,249,675	1.65%	2.24%
Edward M. Welsh Trust	\$3,161,000	1.60%	2.18%
Greco-Mexica Trust	\$3,141,805	1.59%	2.17%
Miguel H. & Guadalupe Pimentel	\$3,002,860	1.52%	2.07%
Oxhead Properties LLC	\$2,256,382	1.14%	1.56%
Oxnard Hospitality Inc.	\$2,242,600	1.14%	1.55%
Maria de Jesus Rodriguez	<u>\$2,039,610</u>	<u>1.03%</u>	<u>1.41%</u>
Totals:	\$46,756,332	23.69%	32.29%

**Table E
HERO Project Area Top Ten Taxpayers**

<u>Taxpayer</u>	Taxpayer Assessed Value	% Of HERO Assessed Value	% Of HERO Incremental Value
		\$1,372,871,259	\$678,833,273
Centro Watt Operating LLC	\$49,090,231	3.58%	7.23%
Riverpark A LLC	\$48,249,354	3.51%	7.11%
EF Oxnard LLC	\$42,696,100	3.11%	6.29%
Oxnard Village Investment LLC	\$33,599,619	2.45%	4.95%
Centex Homes	\$27,678,821	2.02%	4.08%
Oxnard Center Company	\$25,256,255	1.84%	3.72%
CMF Inc.	\$25,076,617	1.83%	3.69%
Boskovich Farms Inc.	\$20,951,698	1.53%	3.09%
HD Development of Maryland Inc.	\$20,374,859	1.48%	3.00%
UCM/Cadence Vineyard Plaza	<u>\$16,750,000</u>	<u>1.22%</u>	<u>2.47%</u>
Totals:	\$309,723,554	22.56%	45.63%

IV. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of property are established each year on the property tax lien date. The lien date is January 1 for all locally assessed property including both secured and unsecured property. Real property value reflects the reported assessed values for secured and unsecured land, fixtures 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 determined that the inflationary factor for fiscal year 2006-07 was to be 2.0%. 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. If a tax levied on unsecured property is unpaid a lien may not be placed 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 Assessment Revenues

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 Assessment 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 F illustrates the amounts of Supplemental Assessment Revenues that have been received by the Commission for the Project Areas during the 2003-04 and 2004-05 fiscal years.

Table F
2003-04 Supplemental Assessment Revenue

	<u>Ormond</u>	<u>Southwinds</u>	<u>HERO Project Area</u>
Supplemental Revenue	\$46,728	\$59,458	\$319,231
Total Project Area Revenue	\$3,044,419	\$806,847	\$2,974,133
Supplemental Revenue as % of Total Revenue	1.53%	7.37%	10.73%

2004-05 Supplemental Assessment Revenue

	<u>Ormond</u>	<u>Southwinds</u>	<u>HERO Project Area</u>
Supplemental Revenue	\$16,357	\$144,748	\$521,962
Total Project Area Revenue	\$2,978,205	\$1,076,474	\$4,452,883
Supplemental Revenue as % of Total Revenue	0.55%	13.45%	11.72%

2005-06 Supplemental Assessment Revenue

	<u>Ormond</u>	<u>Southwinds</u>	<u>HERO Project Area</u>
Supplemental Revenue	\$4,860	\$236,841	\$1,230,347
Total Project Area Revenue	\$3,065,368	\$1,530,512	\$7,081,402
Supplemental Revenue as % of Total Revenue	0.16%	15.47%	17.37%

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 value 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.

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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. Tax rates that have been levied to support any debt approved by voters after December 31, 1988 have been removed from the projection of Tax Revenue. 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.

Ormond contains a total of thirty TRAs of which twenty contain taxable assessed value and/or base year assessed value. All TRAs within Ormond have the same tax rate as illustrated in the tables below. Southwinds contains a total of four TRAs of which two contain assessed value. Within both of these TRAs the same tax rate is levied. The same tax rate is levied within all TRAs in Ormond and Southwinds. This tax rate is as illustrated below and is applicable to secured assessed values for fiscal year 2006-07.

2006-07 Secured Tax Rate

General Levy	1.000000
City of Oxnard District 1	0.076637
Metropolitan Water District	<u>.0047000</u>
Total RDA Applicable Tax Rate	1.081337

The tax rates levied on unsecured assessed values are the secured tax rates from the prior year. Thus, the tax rate on 2006-07 unsecured assessed value is the tax rate that was levied against 2005-06 secured assessed value. The table below illustrates the 2006-07 tax rate levied on all unsecured assessed value within Ormond and Southwinds.

2006-07 Unsecured Tax Rate

General Levy	1.000000
City of Oxnard District 1	0.076637
Metropolitan Water District	<u>.0052000</u>
Total RDA Applicable Tax Rate	1.081837

HERO Project Area contains a total of 96 TRAs of which 70 contain taxable assessed value and/or base year assessed value. Among these TRAs four different tax rates are levied. The table below illustrates the tax rates levied on secured assessed value within HERO Project Area for 2006-07.

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<u>2006-07 Secured Tax Rates</u>				
No. of Applicable TRAs	10	19	40	1
Secured Incremental Value	\$45,944,623	\$244,390,658	\$381,985,603	\$136,934
% of Secured Incremental Value	6.83%	36.34%	56.80%	0.02%
General Levy	1.000000	1.000000	1.000000	1.000000
City of Oxnard District 1	0.076637	0.076637	0.076637	0.076637
Metropolitan Water District		.004700	.004700	
Oxnard Elementary School District		<u>.028600</u>		<u>.028600</u>
Total RDA Applicable Tax Rate	1.076637	1.109937	1.081337	1.105237

The table below illustrates the 2006-07 tax rate levied on all unsecured assessed value within HERO Project Area. It should be noted that not all TRAs contain unsecured assessed value. As discussed above, the 2005-06 secured tax rates are the unsecured tax rates for 2006-07. The Metropolitan Water District #12 override tax rate was changed for 2006-07 to coincide with the rate for the rest of the Metropolitan Water District thus eliminating one of the separate secured tax rates. This tax rate is retained and levied against the unsecured values in its tax rate areas.

<u>2006-07 Unsecured Tax Rates</u>					
No. of Applicable TRAs	10	19	38	1	2
Unsecured Incremental Value	\$182,860	\$11,617,419	\$12,976,959	\$11,400	\$14,720
% of Unsecured Incremental Value	0.74%	46.84%	52.32%	0.04%	0.06%
General Levy	1.000000	1.000000	1.000000	1.000000	1.000000
City of Oxnard District 1	0.076637	0.076637	0.076637	0.076637	0.076637
Metropolitan Water District		.005200	.005200		
Metropolitan Water District #12					.006500
Oxnard Elementary School District		<u>.039100</u>		<u>.035200</u>	<u>.035200</u>
Total RDA Applicable Tax Rate	1.076637	1.117037	1.081837	1.111837	1.118337

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 through the entire term of the Acquired Obligations 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 authorized through fiscal year 2035-36 and is assumed in the projection to be eliminated thereafter. The tax rate levied by the Oxnard Elementary School District that was voter approved prior to December 31, 1988 is assumed in the projections to amortize over the next 10 fiscal years and to be eliminated thereafter.

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

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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 and Redemption tax increment revenues are allocated to the Commission based on collections and are remitted periodically during the fiscal year.

In December the Auditor-Controller allocates approximately 50% of the Commission's projected secured revenues. In April the Auditor-Controller allocates the remaining 50% of the Commission's projected secured revenues. Unitary revenues are allocated to the Commission at the same time as the secured 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. Unsecured revenues are normally paid in the middle of October and are paid in full in a single payment.

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 Section 51, 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).

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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.

There are no pending assessment appeals within Southwinds and the Added Area. Within Ormond there is one pending assessment appeal that was filed by Public Storage Institutional Fund III seeking a reduction of their 2004-05 valuation. The value under appeal is \$5,297,974 and the owner is seeking a reduction of \$547,974. A hearing date on this appeal has not been set. If the taxpayer is successful in reducing the valuation to his opinion of value the reduction would equate to an amount that is 0.2% of the 2006-07 incremental assessed value for Ormond.

Within HERO there is one pending assessment appeal for fiscal year 2004-05 and 35 appeals pending on values for fiscal year 2005-06. The assessment appeal for 2004-05 was filed by KIR Oxnard and seeks a reduction of \$3,231,299 on an assessed value of \$13,231,299, a reduction of 24.4%. The 35 appeals for 2005-06 seek an aggregate reduction of \$81.7 million on assessed values of \$127.2 million, a reduction of 64.2%.

Of the 35 appeals in HERO for 2005-06, 26 of them have been filed by Riverpark A LLC, the Project Area's second largest taxpayer. The properties under appeal possess land value only and are undeveloped. The owner filed similar appeals on the same properties for 2004-05 and ultimately withdrew the applications. The 2005-06 appeals seek a reduction of \$51,560,590 on assessed values totaling \$58,207,590, a reduction of 88.6%. One other top ten taxpayer has a pending assessment appeal for 2005-06. Primary Energy Holdings LLC (predecessor to EF Oxnard LLC) filed an assessment appeal seeking to reduce its 2005-06 unsecured personal property value of \$34,207,700 to \$13,219,700. This reduction of \$20,988,000 (61.4%) would take the personal property value of this owner to a point well below the level of value that has been enrolled for these improvements in any year for which we have data. Other notable assessment appeals were filed by Arden Realty seeking a 31.7% reduction on assessed value of \$15,521,530 and by Advanced Metalforming seeking a 61.6% reduction on unsecured assessed value of \$11,400,400.

Due to the lack of historical data we are unable to reach a reasonable estimate of the value loss that may result from these pending assessment appeals.

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 2005-06 was \$37,329.67 for Ormond, \$15,408.81 for Southwinds and \$70,246.64 for HERO Project Area. These charges equated to 1.05% of the 2005-06 Gross Revenues for each of HERO Project Area and Southwinds. The charge for Ormond equated to 0.98% of the 2005-06 Gross Revenues. The 2006-07 Property Tax Collection Reimbursement charge is not yet available. For purposes of this projection, it is assumed that the Property Tax Collection Reimbursement will continue to be 1.05% of annual Gross Revenues for the HERO Project Area and for Southwinds and 0.98% of annual Gross Revenues for Ormond.

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 2005-06 unitary revenue allocation for Ormond was \$2,910 and for Southwinds was \$6,234. The amount of unitary revenue allocated to HERO for 2005-06 was \$2,547. For purposes of this projection, we have assumed that this amount of unitary revenue will continue to be allocated to the Project Areas for the life of the projection.

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 Council may eliminate the time limit to establish indebtedness in project areas adopted prior to January 1, 1994 by ordinance. If the redevelopment plan is so amended, any 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, the City Council may extend the time limit for plan effectiveness and repayment of debt for up to ten years if it can make certain specified findings. The Commission has amended the Ormond and Southwinds redevelopment plans in accordance with the statute and extended the last date to incur indebtedness by ten years in each case. The appropriate adjustments have been made to the projection for inclusion of statutory tax sharing payments to begin as required by the statute.

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"). A redevelopment agency 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 its 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 1991-93 administrative costs (collectively, "Existing Obligations"). If an agency could not make the required payment due to Existing Obligations, it could have borrowed up to 50 percent of its 1992-93 contribution to the Housing Fund (which must be repaid within ten years), or the agency was required to obtain a loan from the city/county in order to pay the difference between what the agency pays 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. This obligation applied to the agency and not to specific redevelopment project areas. According to the Commission, it has no outstanding ERAF obligations. In addition to the payments from redevelopment agencies periodic State budget solutions have involved the shifting of property tax revenues from cities, counties and special districts to the ERAF.

From 1994-95 to 2001-02 state budgets were adopted with no additional shifting of tax increment from redevelopment agencies, however, the 2002-03 State Budget required a shift of \$75 million of tax increment statewide from redevelopment agencies to ERAF to meet the state

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budget shortfall. AB 1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor and, 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. The Commission made the required payment without impacting its payment of debt service and other obligations.

As part of the State's 2003-04 budget legislation, SB 1045 (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute \$135 million to local county ERAFs which reduces the amount of State funding for schools. This transfer of funds was limited to fiscal year 2003-04 only. The amount of revenue that was transferred by the Commission to Ventura County for 2003-04 was \$338,119. The Commission made this payment to the County by the May 10, 2004 deadline.

Under the Law as amended by SB 1045, the Commission was authorized to use a simplified methodology to amend the individual 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. 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. The City Council has adopted such an extension amendment for each of the Ormond, Southwinds and HERO project areas. By approving such an amendment of the eligible redevelopment plans, the City Council may extend by one year the effective life of the Ormond, Southwinds and HERO redevelopment plans and the period within which the Commission may repay indebtedness from tax increment revenues. These extensions of time are reflected in the projections and in the Project Area limits shown in Section II B, Table D.

After the State's budget for 2004-05 was approved by the State Legislature and signed by the Governor, Senate Bill 1096 was adopted. Based on SB 1096, redevelopment agencies within the State will lose \$250 million to ERAF in each of fiscal years 2004-05 and 2005-06 using the same formula as was used for 2003-04. Annual payments will continue to be due on May 10 of each fiscal year. As in previous years, payments may be made from any available funds other than each redevelopment agency's Housing Fund. If an agency is unable to make a payment, it may borrow up to 50 percent of the current year Housing Set-Aside Revenues, however, the borrowed amount must be repaid to the Housing Fund within 10 years of the last ERAF payment (May 10, 2006). The Commission's portion of the statewide ERAF requirement for 2004-05 was \$684,163. The 2005-06 payment was set at \$819,746 and was paid by the May 10, 2006 deadline. Because the ERAF amounts paid are an obligation of the Commission and are not charged to individual Project Areas, we have not reflected the amounts in the projection of tax revenues. The ERAF requirement is subordinate to the payment of debt service on the Acquired Obligations.

For redevelopment plans with less than ten years of effectiveness remaining from June 30, 2005, the plans may be extended by one year for each year that an ERAF payment is made. For redevelopment plans with 10 to 20 years of effectiveness remaining after June 30, 2005, the plans may be extended by one year for each year that an ERAF payment is made if the city

council finds that the applicable redevelopment agency is in compliance with specified state housing requirements. These requirements are: 1) that the applicable redevelopment agency is setting aside 20 percent of gross tax increment revenue; 2) housing implementation plans are in place; 3) replacement housing and inclusionary housing requirements are being met; and, 4) no excess surplus exists.

If a redevelopment plan has more than 20 years of effectiveness remaining after June 30, 2005, it may not be extended. Only the Ormond redevelopment plan is eligible to be extended under the terms of SB 1096. The Ormond redevelopment plan is eligible to be extended by one year for each of the payment amounts required under SB 1096, however, the Commission has not undertaken these amendments at this time. We have not assumed that the amendments will be made and such extensions are not reflected in the redevelopment plan limits shown in Table D nor are they incorporated into the projection.

In addition to the ERAF provisions described above, the Commission cannot predict whether the State Legislature will enact any other legislation requiring additional or increased future shifts of tax increment revenues to the State and/or to schools, whether through an arrangement similar to ERAF or by other arrangements, and, if so, the effect on future Tax Revenues. It should be noted, however, that the State's 2006-07 budget was adopted with no requirement for the payment of additional ERAF amounts by redevelopment agencies.

VII. Tax Sharing Agreements and Other Obligations

Ormond

Within Ormond, the Commission has entered into tax sharing agreements with the Oxnard Union High School District and the County of Ventura. The agreement with the County includes provision for tax sharing with the County Flood Control District.

The Oxnard Union High School District receives 12% of all tax increment revenue. The tax sharing payments to the Oxnard Union High School District are subordinate to up to \$2 million in debt service payments on bonds issued prior to December 27, 1993 and to payment of tax sharing amounts to other taxing entities. Any payments that cannot be made by the Commission will be carried over to successive years when revenue is sufficient to make the payments.

The Ventura County General Fund receives 31.7% of general levy tax increment revenue. The Ventura County Flood Control District receives 3.0% of general levy tax increment revenue for its Flood Control District Zone 2 fund and 0.3% of general levy tax increment revenue for the Flood Control District's administrative fund.

By adoption of the Amended and Restated Redevelopment Plan for Ormond, the Commission extended the last date to incur indebtedness from January 1, 2004 to January 1, 2014. This extension triggered the initiation of statutory tax sharing payments to all taxing entities that had

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not entered into tax sharing agreements beginning in fiscal year 2004-05. The first tier of statutory tax sharing payments uses the assessed value for fiscal year 2003-04 as an adjusted base year value. The first tier tax-sharing amount is 25 percent of the Commission's gross tax increment revenue as derived from the incremental increase in value between the current year value and the adjusted base year value net of the Housing Set-Aside Requirement. This amount is reduced by the amount portion of the payment that would have been made to the County of Ventura, the Flood Control District Administrative fund and Zone 2 fund and to the Oxnard Union High School District. The City may elect to receive its share of this first tier of tax-sharing payments. If the City does not elect 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 (fiscal year 2014-15) and uses the assessed value of fiscal year 2013-14 as the adjusted 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 assessed value that is in excess of the assessed value of the project area in 2013-14. The City may not receive any portion of the second tier tax-sharing payments.

Southwinds

The Commission entered into a Settlement Agreement with the County of Ventura, the Ventura County Flood Control District and the United Water Conservation District to resolve litigation filed by these taxing entities at the time that the Southwinds redevelopment plan was adopted. The Settlement Agreement provides that the Commission will retain 100% of annual tax increment revenue up to \$853,000. Annual revenues from \$853,001 to \$1,331,000 are to be divided between the Ventura County General Fund, the Flood Control District and the United Water Conservation District proportionally to their shares of tax dollars in the 1984-85 base year. The table below illustrates the divisions of annual tax increment revenues from \$853,001 to \$1,331,000.

**Division of Southwinds Annual Revenues
Of \$853,001 to \$1,331,000**

	<u>1984-85 Percentages</u>	<u>Proportional Percentages</u>
Ventura County General Fund	31.5%	87.74%
Flood Control District Admin.	0.3%	0.84%
Flood Control District Zone Z	2.9%	8.08%
United Water Conservation District	1.2%	<u>3.34%</u>
		100.00%

The Settlement Agreement further provides that revenues in excess of \$1,331,000 will be divided among the parties with 64.1% going to the Commission, 34.7% going to the County of Ventura

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and 1.2% going to United Water Conservation District. The County share includes amounts that will be allocated to the Flood Control District accounts.

By adoption of the Amended and Restated Redevelopment Plan for Southwinds, the Commission extended the last date to incur indebtedness from June 17, 2005 to June 17, 2015. This extension triggered the initiation of statutory tax sharing payments to all taxing entities that had not entered into tax sharing agreements beginning in fiscal year 2005-06. The first tier of statutory tax sharing payments uses the assessed value for fiscal year 2004-05 as an adjusted base year value. The first tier tax-sharing amount is 25 percent of the Commission's gross tax increment revenue as derived from the incremental increase in value between the current year value and the adjusted base year value net of the Housing Set-Aside Requirement. This amount is reduced by the amount portion of the payment that would have been made to the County of Ventura, the Flood Control District Administrative fund and Zone 2 fund and to the United Water Conservation District. The City may elect to receive its share of this first tier of tax-sharing payments. If the City does not elect 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 (fiscal year 2015-16) and uses the assessed value of fiscal year 2014-15 as the adjusted 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 assessed value that is in excess of the assessed value of the project area in 2014-15. The City may not receive any portion of the second tier tax-sharing payments.

HERO

The redevelopment plan for HERO was adopted after January 1, 1994 and is, therefore, subject to the statutory tax sharing payments mandated in Section 33607.5 of the Law as amended by Assembly Bill 1290. These tax-sharing payments are set by statute and are not negotiated. A prescribed portion of the Commission's tax increment revenue must be shared with all taxing entities. This defined tax-sharing amount has three tiers. The first tier began with the first year that HERO received tax increment revenue and will continue until HERO is no longer eligible to repay indebtedness.. This first tier tax-sharing amount is 25 percent of the Commission's gross tax increment revenue net of the Housing Set-Aside Requirement. The City may elect to receive its share of this first tier of tax-sharing payments. If the City does not elect to receive its share, that amount of the tax sharing payment will remain with the Commission. We have assumed in the projection that the City will elect to receive its share of the tier one tax-sharing payments.

The second tier begins in the eleventh year after the Commission first receives tax increment revenue (2009-10). 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 assessed value that is in excess of the HERO assessed value in year ten (2008-09). The City does not receive any portion of the second tier tax-sharing payments.

The third tier begins in the 31st year after the Commission first receives tax increment revenue (2029-30). This third 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 HERO in the 30th year (2028-29). The City does not receive any portion of the third tier tax-sharing payments. These three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the project area.

The Added Area was added to HERO as of March 23, 2004. Even though the Added Area is an addition to HERO, the Added Area is subject to project area limitations and tax sharing payments in the same way as any new project area. The first tier tax sharing payments are calculated in the same way as is described above for HERO. The City may elect to receive its share of the first tier tax sharing payments and we have assumed in the projections that the City has made such an election. The second tier of tax sharing payments begin in fiscal year 2015-16 and use the Added Area assessed values for 2014-15 as an adjusted base year value. The third tier tax sharing payments will begin in fiscal year 2035-36 and will use the Added Area assessed values for 2034-35 as the adjusted base year value.

Subordination of Statutory Tax Sharing Payments

Section 33607.5(e) of the Law specifies a procedure whereby the Commission may request subordination of the statutory tax sharing payments to payment of debt service on the Acquired Obligations by all of the taxing entities within any project area from which tax sharing payments are required pursuant to Sections 33607.5 or 33607.7. This would include Ormond, Southwinds, HERO and the Added Area. As part of this request, the Commission must provide substantial evidence to the taxing entities that it will have sufficient funds to make the debt service payments on the Acquired Obligations as well as making the required statutory tax sharing payments.

The taxing entities may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination or they may disapprove the subordination request. A taxing entity may disapprove a subordination request only if it believes based on substantial evidence that the Commission's financial estimates are incorrect and that the Commission will not be able to make debt service and the tax sharing payments.

The Commission has sought and received this subordination from the affected taxing entities. As a result of receiving this subordination authority, we have shown the statutory tax sharing amounts for Ormond, Southwinds, HERO and the Added Area as being subordinate to debt service on the Acquired Obligations.

Owner Participation Agreement – Riverpark

Within HERO, the Commission has entered into an agreement with the developers of the Riverpark project. This mixed used development is currently under construction on a site north

of the 101 Freeway and west of Vineyard Avenue. The development site is not entirely within the boundaries of HERO. The agreement calls for the Commission to reimburse the developer for certain improvements that are mandated by the development plan. Payments that the Commission may be obligated to make are limited to a maximum amount of \$10 million. The payments are to be made from a 35% portion of general levy revenues generated by the development after deduction of the Housing Set-Aside Requirement; tax sharing payment amounts; and any future ERAF payments. The payments are specifically subordinate to the payment of debt service on any current or future bonded indebtedness, including debt service on the HERO Bonds. Because no development revenue from the Riverpark development has been included in the projection, payments pursuant to this agreement will be made from future revenues that will likely be over and above those in the projection. Given this fact and the fact that the payments will in any case be subordinate to debt service on the HERO Bonds, no estimate of the payment amounts that may be required under this agreement have been included in the projection.

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 determined that Section 33676(a) was removed as of January 1, 1994 and has no further effect. This determination is not consistent with the interpretation of the statute by other counties. The redevelopment plan for Southwinds was adopted during the period that this section of the Law was in effect and could be subject to payment of the 2% Property Tax Increase if the Ventura County Auditor-Controller's interpretation is in some manner reversed.

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.

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 Fourth Appellate District of the of the Court of Appeal of the State of California ruled that under Proposition 13 the base year of real property on which the inflation factor is figured remains the original purchase price or assessment at the time of new construction even though the taxable value may be reduced by general deflation or natural disaster. On May 5, 2004, the respondent filed a petition to the California Supreme Court for review of the decision published by the Court of Appeal. On July 21, 2004, the California Supreme Court denied the petition to review the decision by the Court of Appeal. This action concluded the legal review of this case.

VIII. New Development

New value will be added to Ormond for fiscal year 2007-08 as the result of one transfer of ownership that occurred after the lien date for the 2006-07 tax roll. The value of this transfer of ownership is \$121,000 more than the 2006-07 tax roll values for this parcel. This additional value is projected as additional value added to fiscal year 2007-08.

New value will be added to Southwinds for fiscal year 2007-08 as the result of nine transfers of ownership that occurred after the January 1, 2006 lien date for the 2006-07 tax roll. The combined value of these transfers of ownership is \$3,028,435 more than the 2006-07 tax roll values for these nine parcels. This additional value is projected as additional value added to fiscal year 2007-08.

New value will be added to HERO for fiscal year 2007-08 as the result of 33 transfers of ownership that occurred after the January 1, 2006 lien date for the 2006-07 tax roll. The combined value of these transfers of ownership is \$18.3 million more than the 2006-07 tax roll values for these 28 parcels. This additional value is projected as additional value added to fiscal year 2007-08.

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 two percent annually as allowed under Article XIII A of the State Constitution. A two percent growth rate has been assumed because it is the maximum

**Oxnard Community Development Commission
Fiscal Consultant's Report
December 5, 2006**

inflationary growth rate permitted by law and this rate of growth has been achieved 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 (1.867%). If in future years the growth of taxable value in the project area is less than two percent, 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.A). 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, 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 FCR 5-Revised 2 ds

Community Development Commission of the City of Oxnard

Ormond Beach Redevelopment Project

Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

12/05/06

Table 1

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	
Taxable Values (1)												
Real Property (2)	313,005	319,386	325,773	332,289	338,935	345,713	352,628	359,680	366,874	374,211	381,696	
Personal Property (3)	<u>24,824</u>											
Total Projected Value	337,829	344,210	350,597	357,113	363,759	370,537	377,452	384,504	391,698	399,035	406,519	
Taxable Value over Base	79,578	258,251	264,632	271,020	277,535	284,181	290,960	297,874	304,926	312,120	319,457	326,942
Gross Tax Increment Revenue (4)	2,793	2,862	2,931	3,001	3,073	3,146	3,221	3,297	3,375	3,454	3,535	
Unitary Tax Revenue (5)	<u>3</u>											
Gross Revenues	2,796	2,864	2,934	3,004	3,076	3,149	3,224	3,300	3,378	3,457	3,538	
LESS:												
SB 2557 Admin. Fee (6)	(27)	(28)	(29)	(29)	(30)	(31)	(32)	(32)	(33)	(34)	(35)	
Housing Set Aside Requirement (7)	(559)	(573)	(587)	(601)	(615)	(630)	(645)	(660)	(676)	(691)	(708)	
County Collection Charge (8)	(7)	(7)	(7)	(8)	(8)	(8)	(8)	(8)	(8)	(9)	(9)	
Tax Sharing Payments:												
Oxnard Union High School District (9)	(335)	(344)	(352)	(360)	(369)	(378)	(387)	(396)	(405)	(415)	(425)	
Ventura County General Fund (10)	(820)	(840)	(860)	(881)	(902)	(923)	(945)	(968)	(990)	(1,014)	(1,037)	
Ventura County Flood Control Dist. (11)	(85)	(87)	(90)	(92)	(94)	(96)	(98)	(101)	(103)	(106)	(108)	
Tax Revenues	962	985	1,009	1,033	1,058	1,083	1,109	1,135	1,162	1,189	1,217	
Subordinate Statutory Tax Sharing Payments												
Statutory Tax Sharing Tier 1 (12)	0	0	0	(5)	(13)	(21)	(29)	(37)	(46)	(55)	(63)	
Statutory Tax Sharing Tier 2 (12)	<u>0</u>	<u>(7)</u>	<u>(14)</u>	<u>(22)</u>								
Net Tax Revenues	962	985	1,009	1,029	1,045	1,063	1,080	1,098	1,109	1,120	1,132	

- (1) Taxable values as reported by Ventura County.
- (2) Real property consists of land and improvements. Increased for inflation at 2% annually and for transfers of ownership as shown in Table 5.
- (3) Personal property is held constant at 2006-07 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 remain constant at \$1.081337 per \$100 of taxable value.
- (5) Unitary Revenue as reported by Ventura County for 2005-06.
- (6) SB 2557 Administrative cost is estimated at 0.98% 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) Oxnard Union High School District receives 12% of total tax increment revenue. Payments to the District are subordinate to the Agency's retention of up to \$2 million for payment of debt service on bonds issued prior to December 27, 1993 and to make tax sharing payments to other taxing entities. Payments not made to the District will be carried over to successive years when revenue is sufficient to pay all obligations. Payment shown has not been adjusted for debt service obligations or tax sharing payments.
- (10) Ventura County General Fund receives 31.7% of general levy tax increment revenue.
- (11) Ventura County Flood Control District receives 3% of general levy tax increment revenue for Flood Control District Zone 2 and 0.3% of general levy tax increment revenue for the Flood Control District Administration Fund.
- (12) Beginning in fiscal year 2004-05 and using the 2003-04 Project Area value as the base level of value, Taxing Entities that have not entered into tax sharing agreements will begin to receive their shares of 25% of total tax increment revenue net of housing set aside. In addition, after year 10 Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of housing set aside. These payments are subordinate to the payment of debt service on the Acquired Obligations.

Community Development Commission of the City of Oxnard

Ormond Beach Redevelopment Project

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

12/05/06

Table 2

		Taxable Value		Gross Tax Revenue	Housing Set-Aside	SB 2557 & Co. Collection Charges	County Tax Sharing	Flood Control Tax Sharing	Oxnard UHSD Tax Sharing	Tax Revenue	Statutory Tax Sharing		Net Tax Revenue
		Total Taxable Value	Over Base 79,578								Tier 1	Tier 2	
1	2006-07	337,829	258,251	2,796	(559)	(34)	(820)	(85)	(335)	962	0	0	962
2	2007-08	344,210	264,632	2,864	(573)	(35)	(840)	(87)	(344)	985	0	0	985
3	2008-09	350,597	271,020	2,934	(587)	(36)	(860)	(90)	(352)	1,009	0	0	1,009
4	2009-10	357,113	277,535	3,004	(601)	(37)	(881)	(92)	(360)	1,033	(5)	0	1,029
5	2010-11	363,759	284,181	3,076	(615)	(38)	(902)	(94)	(369)	1,058	(13)	0	1,045
6	2011-12	370,537	290,960	3,149	(630)	(39)	(923)	(96)	(378)	1,083	(21)	0	1,063
7	2012-13	377,452	297,874	3,224	(645)	(40)	(945)	(98)	(387)	1,109	(29)	0	1,080
8	2013-14	384,504	304,926	3,300	(660)	(41)	(968)	(101)	(396)	1,135	(37)	0	1,098
9	2014-15	391,698	312,120	3,378	(676)	(42)	(990)	(103)	(405)	1,162	(46)	(7)	1,109
10	2015-16	399,035	319,457	3,457	(691)	(43)	(1,014)	(106)	(415)	1,189	(55)	(14)	1,120
11	2016-17	406,519	326,942	3,538	(708)	(44)	(1,037)	(108)	(425)	1,217	(63)	(22)	1,132
12	2017-18	414,153	334,576	3,621	(724)	(45)	(1,062)	(111)	(434)	1,246	(72)	(29)	1,144
13	2018-19	421,940	342,362	3,705	(741)	(46)	(1,086)	(113)	(445)	1,275	(82)	(37)	1,156
14	2019-20	429,882	350,304	3,791	(758)	(47)	(1,111)	(116)	(455)	1,304	(91)	(45)	1,168
15	2020-21	437,983	358,406	3,878	(776)	(48)	(1,137)	(118)	(465)	1,334	(101)	(53)	1,180
16	2021-22	446,247	366,669	3,968	(794)	(49)	(1,163)	(121)	(476)	1,365	(110)	(61)	1,193
17	2022-23	454,675	375,097	4,059	(812)	(50)	(1,190)	(124)	(487)	1,396	(120)	(70)	1,206
18	2023-24	463,272	383,694	4,152	(830)	(51)	(1,217)	(127)	(498)	1,428	(131)	(78)	1,219
19	2024-25	472,041	392,463	4,247	(849)	(52)	(1,245)	(130)	(510)	1,461	(141)	(87)	1,233
20	2025-26	480,985	401,408	4,343	(869)	(53)	(1,273)	(133)	(521)	1,494	(152)	(96)	1,247
21	2026-27	490,109	410,531	4,442	(888)	(55)	(1,302)	(136)	(533)	1,528			1,528
22	2027-28	499,414	419,837	4,543	(909)	(56)	(1,332)	(139)	(545)	1,563			1,563
23	2028-29	508,906	429,328	4,645	(929)	(57)	(1,362)	(142)	(557)	1,598			1,598
24	2029-30	518,588	439,010	4,750	(950)	(58)	(1,393)	(145)	(570)	1,634			1,634
25	2030-31	528,463	448,885	4,857	(971)	(60)	(1,424)	(148)	(583)	1,671			1,671
26	2031-32	538,536	458,958	4,966	(993)	(61)	(1,456)	(152)	(596)	1,708			1,708
27	2032-33	548,810	469,232	5,077	(1,015)	(62)	(1,488)	(155)	(609)	1,747			1,747
28	2033-34	559,290	479,712	5,190	(1,038)	(64)	(1,522)	(158)	(623)	1,785			1,785
29	2034-35	569,979	490,401	5,306	(1,061)	(65)	(1,555)	(162)	(637)	1,825			1,825
				114,261	(22,852)	(1,405)	(33,498)	(3,487)	(13,711)	39,307	(1,268)	(601)	37,437

Community Development Commission of the City of Oxnard
Ormond Beach Redevelopment Project

Historical Assessed Values (1)

12/05/06

Table 3

	Base Year 1984-85	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
<i>Secured (2)</i>												
Land	63,954,194	52,263,995	47,559,314	46,669,843	92,205,326	58,365,838	58,186,298	59,654,155	79,983,170	81,340,329	74,190,120	80,588,384
Improvements	0	61,638,404	62,671,875	60,722,457	38,152	86,401,441	96,740,078	84,236,712	93,587,076	199,536,409	197,368,659	188,135,261
Personal Property	7,745,943	7,745,767	6,385,358	6,013,508	4,829,700	4,927,526	8,944,997	10,364,097	112,855,496	7,360,741	24,653,645	7,996,661
Exemptions	0	0	0	0	0	0	0	0	0	0	0	(20,000)
Total Secured	71,700,137	121,648,166	116,616,547	113,405,808	97,073,178	149,694,805	163,871,373	154,254,964	286,425,742	288,237,479	296,212,424	276,700,306
<i>Unsecured</i>												
Land	0	0	0	0	0	0	0	0	0	0	478,891	0
Improvements	1,856,200	0	0	55,668,200	54,553,128	58,435,300	55,984,650	59,959,856	50,278,400	47,172,710	45,967,191	44,301,000
Personal Property	6,021,404	0	0	19,426,899	19,622,006	26,306,472	14,138,500	15,624,420	16,310,440	16,611,980	17,413,632	16,827,236
Exemptions	0	0	0	0	0	0	0	0	0	0	0	0
Total Unsecured	7,877,604	0	0	75,095,099	74,175,134	84,741,772	70,123,150	75,584,276	66,588,840	63,784,690	63,859,714	61,128,236
GRAND TOTAL	79,577,741	121,648,166	116,616,547	188,500,907	171,248,312	234,436,577	233,994,523	229,839,240	353,014,582	352,022,169	360,072,138	337,828,542
Percentage Change in Assessed Value		-4.14%	61.64%	-9.15%	36.90%	-0.19%	-1.78%	53.59%	-0.28%	2.29%	-6.18%	
Incremental Value	42,070,425	37,038,806	108,923,166	91,670,571	154,858,836	154,416,782	150,261,499	273,436,841	272,444,428	280,494,397	258,250,801	
Percentage Change in Incremental Value		-11.96%	194.08%	-15.84%	68.93%	-0.29%	-2.69%	81.97%	-0.36%	2.95%	-7.93%	

(1) Source: Ventura County

(2) Secured values include state assessed non-unitary utility property.

Community Development Commission of the City of Oxnard

Ormond Beach Redevelopment Project

TOP TEN TAXABLE PROPERTY OWNERS

For Fiscal Year 2006-07

12/05/06

Table 4

	Secured			Unsecured			Total		Use Code
	Value	Parcels	% of Sec. AV	Value	Parcels	% of Unsec. AV	Value	% of Total Value	
1. Reliant Energy Ormond Beach LLC	\$141,665,833	5	51.20%	\$0	0	0.00%	\$141,665,833	41.93%	Electrical Generation Facility
2. Weyerhaeuser Company	\$0	0	0.00%	\$51,828,300	1	84.79%	\$51,828,300	15.34%	Paper Manufacturing
3. BMW of North America	\$42,070,446	4	15.20%	\$0	0	0.00%	\$42,070,446	12.45%	Engineering & Vehicle Emission Test Center
4. Pacific Vehicle Processors Inc.	\$26,841,514	8	9.70%	\$770,400	2	1.26%	\$27,611,914	8.17%	Vehicle Handling/Processing
5. Cook Composites & Polymers Company	\$12,223,005	2	4.42%	\$0	0	0.00%	\$12,223,005	3.62%	Gel Coat & Resin Coatings
6. Aluminum Precision Products	\$8,571,220	1	3.10%	\$0	0	0.00%	\$8,571,220	2.54%	Aluminum & Titanium Forging
7. Western Craft Corporation	\$6,209,376	2	2.24%	\$0	0	0.00%	\$6,209,376	1.84%	Industrial
8. Public Storage Institutional Fund III	\$5,538,296	1	2.00%	\$0	2	0.00%	\$5,538,296	1.64%	Storage Facility
9. Walter E. & Salley J. Hartman Trust	\$4,721,409	2	1.71%	\$0	0	0.00%	\$4,721,409	1.40%	Multi-Tenant Industrial Buildings
10. Paul D. Porteous Trust	<u>\$4,526,341</u>	<u>1</u>	1.64%	<u>\$0</u>	<u>0</u>	<u>0.00%</u>	<u>\$4,526,341</u>	<u>1.34%</u>	Industrial Building
	\$252,367,440	26		\$52,598,700	5		\$304,966,140		
Project Area Assessed Value Totals:	\$276,700,306		91.21%	\$61,128,236		86.05%	\$337,828,542	90.27%	
Project Area Incremental Value Totals:	\$205,000,169		123.11%	\$53,250,632		98.78%	\$258,250,801	118.09%	

Community Development Commission of the City of Oxnard
Ormond Beach Redevelopment Project
 New Development

12/05/06

Table 5

000's omitted

<u>Real Property</u>	<u>Sq. Ft./ # Units</u>	<u>Unit Value</u>	<u>Total Value</u>	<u>Less Existing</u>	<u>Value Added</u>	<u>Start</u>	<u>Complete</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	Lump Sum	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
Transfers of Ownership From 1/1 to 07/31/06	1	Lump Sum	\$620,000	\$499,000	\$121			\$0	\$121	\$0	\$0	\$0
Total Real Property:			\$620,000	\$499,000	\$121				\$121	\$0	\$0	\$0

Community Development Commission of the City of Oxnard

Southwinds Project Area

Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

12/5/2006

Table 1

Taxable Values (1)	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Real Property (2)	196,758	203,721	207,796	211,952	216,191	220,514	224,925	229,423	234,012	238,692	243,466
Personal Property (3)	602	602	602	602	602	602	602	602	602	602	602
Total Projected Value	197,360	204,324	208,398	212,554	216,793	221,117	225,527	230,026	234,614	239,294	244,068
Taxable Value over Base	52,567	144,793	151,757	155,831	159,987	164,226	168,550	172,960	177,458	182,047	186,727
Gross Tax Increment Revenue (4)	1,574	1,650	1,694	1,738	1,784	1,831	1,878	1,927	1,976	2,027	2,078
Unitary Tax Revenue (5)	6	6	6	6	6	6	6	6	6	6	6
Gross Revenues	1,581	1,656	1,700	1,745	1,790	1,837	1,885	1,933	1,983	2,033	2,084

LESS:

SB 2557 Admin. Fee (6)	(17)	(17)	(18)	(18)	(19)	(19)	(20)	(20)	(21)	(21)	(22)
Housing Set Aside Requirement (7)	(316)	(331)	(340)	(349)	(358)	(367)	(377)	(387)	(397)	(407)	(417)
County Collection Fee (8)	(4)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(5)	(5)
County General Fund (9)	(506)	(532)	(547)	(563)	(579)	(595)	(611)	(628)	(645)	(663)	(681)
County Flood Control Administration (9)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)
County Flood Control Zone 2 (9)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
United Water Conservation District (9)	(19)	(20)	(20)	(21)	(21)	(22)	(23)	(23)	(24)	(24)	(25)

Tax Revenues	676	709	727	747	766	786	806	827	848	870	892
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Subordinate Statutory Tax Sharing Payments

Statutory Tax Sharing Tier 1 (10)	(93)	(104)	(110)	(117)	(123)	(130)	(137)	(144)	(151)	(158)	(166)
Statutory Tax Sharing Tier 2 (10)	0	0	0	0	0	0	0	0	0	(6)	(12)

Net Tax Revenues	583	604	617	630	643	656	669	683	697	706	714
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- (1) Taxable values as reported by Ventura County.
- (2) Real property consists of land and improvements. Increased for inflation at 2% annually and for transfers of ownership as shown in Table 5.
- (3) Personal property is held constant at 2006-07 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 remain constant at \$1.081837 per \$100 of taxable value.
- (5) Unitary Revenue as reported by Ventura County for 2005-06.
- (6) SB 2557 Administrative cost is estimated at 1.05% 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) Pursuant to a settlement agreement reached between the Commission, the County and the United Water Conservation District, the Commission is entitled to all of the first \$853,000 of tax increment revenue in any fiscal year. Tax revenues between \$853,001 and \$1,331,000 are divided between the County, the County Flood Control District and the United Water Conservation District in proportions based on the ratio of tax dollars received by these entities in the base year. Annual tax revenues above \$1,331,000 are to be divided with 64.1% going to the Commission, 34.7% going to the County and Flood Control District and 1.2% going to United Water Conservation District.
- (10) Beginning in fiscal year 2005-06 and using the 2004-05 Project Area value as the base level of value, Taxing Entities that have not entered into tax sharing agreements will begin to receive their shares of 25% of total tax increment revenue net of housing set aside. In addition, after year 10 Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of housing set aside. These payments are subordinate to the payment of debt service on the Acquired Obligations.

Community Development Commission of the City of Oxnard

Southwinds Project Area

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

12/5/2006

Table 2

		Taxable Value		Gross Tax Revenue	Housing Set-Aside	SB 2557 & Co. Collection Charges	County Tax Sharing	Flood Control Tax Sharing	Water Cons. Dist. Tax Sharing	Tax Revenues	Statutory Tax Sharing		Net Tax Revenues
		Total Taxable Value	Over Base 52,567								Tier 1	Tier 2	
1	2006-07	197,360	144,793	1,581	(316)	(21)	(506)	(43)	(19)	676	(93)	0	583
2	2007-08	204,324	151,757	1,656	(331)	(22)	(532)	(43)	(20)	709	(104)	0	604
3	2008-09	208,398	155,831	1,700	(340)	(22)	(547)	(43)	(20)	727	(110)	0	617
4	2009-10	212,554	159,987	1,745	(349)	(23)	(563)	(43)	(21)	747	(117)	0	630
5	2010-11	216,793	164,226	1,790	(358)	(23)	(579)	(43)	(21)	766	(123)	0	643
6	2011-12	221,117	168,550	1,837	(367)	(24)	(595)	(43)	(22)	786	(130)	0	656
7	2012-13	225,527	172,960	1,885	(377)	(24)	(611)	(43)	(23)	806	(137)	0	669
8	2013-14	230,026	177,458	1,933	(387)	(25)	(628)	(43)	(23)	827	(144)	0	683
9	2014-15	234,614	182,047	1,983	(397)	(26)	(645)	(43)	(24)	848	(151)	0	697
10	2015-16	239,294	186,727	2,033	(407)	(26)	(663)	(43)	(24)	870	(158)	(6)	706
11	2016-17	244,068	191,501	2,084	(417)	(27)	(681)	(43)	(25)	892	(166)	(12)	714
12	2017-18	248,938	196,370	2,137	(427)	(28)	(699)	(43)	(26)	914	(173)	(19)	722
13	2018-19	253,904	201,337	2,191	(438)	(28)	(718)	(43)	(26)	937	(181)	(25)	731
14	2019-20	258,970	206,403	2,245	(449)	(29)	(737)	(43)	(27)	961	(189)	(32)	740
15	2020-21	264,138	211,570	2,301	(460)	(30)	(756)	(43)	(28)	985	(197)	(39)	749
16	2021-22	269,408	216,841	2,358	(472)	(31)	(776)	(43)	(28)	1,009	(205)	(45)	759
17	2022-23	274,784	222,217	2,416	(483)	(31)	(796)	(43)	(29)	1,034	(213)	(52)	768
18	2023-24	280,268	227,701	2,475	(495)	(32)	(816)	(43)	(30)	1,059	(222)	(60)	778
19	2024-25	285,861	233,294	2,535	(507)	(33)	(837)	(43)	(30)	1,085	(230)	(67)	788
20	2025-26	291,567	238,999	2,597	(519)	(34)	(859)	(43)	(31)	1,111	(239)	(74)	798
21	2026-27	297,386	244,819	2,660	(532)	(35)	(880)	(43)	(32)	1,138			1,138
22	2027-28	303,322	250,754	2,724	(545)	(35)	(903)	(43)	(33)	1,166			1,166
23	2028-29	309,376	256,809	2,789	(558)	(36)	(925)	(43)	(33)	1,193			1,193
24	2029-30	315,551	262,984	2,855	(571)	(37)	(948)	(43)	(34)	1,222			1,222
25	2030-31	321,850	269,283	2,923	(585)	(38)	(972)	(43)	(35)	1,251			1,251
26	2031-32	328,275	275,708	2,993	(599)	(39)	(996)	(43)	(36)	1,281			1,281
27	2032-33	334,829	282,262	3,063	(613)	(40)	(1,021)	(43)	(37)	1,311			1,311
28	2033-34	341,513	288,946	3,135	(627)	(41)	(1,046)	(43)	(38)	1,342			1,342
29	2034-35	348,332	295,764	3,209	(642)	(42)	(1,071)	(43)	(39)	1,373			1,373
30	2035-36	355,286	302,719	3,284	(657)	(43)	(1,097)	(43)	(39)	1,405			1,405
				71,116	(14,223)	(925)	(23,404)	(1,278)	(854)	30,432	(3,283)	(432)	26,717

Community Development Commission of the City of Oxnard
Southwinds Project Area

12/5/2006

Historical Assessed Values (1)

Table 3

	Base Year 1984-85	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	
<i>Secured (2)</i>													
Land	50,562,628	33,690,010	34,778,535	34,360,201	91,254,031	37,180,234	38,745,584	41,144,470	46,058,686	56,007,190	71,222,843	87,158,246	
Improvements	0	59,938,435	58,886,461	57,074,031	0	59,110,541	63,430,995	67,379,832	73,822,880	81,534,227	95,305,323	110,614,497	
Personal Property	190,750	107,046	102,961	79,508	74,604	74,723	74,114	62,015	56,792	115,007	157,257	111,737	
Exemptions	0	<u>(1,122,133)</u>	<u>(1,065,000)</u>	<u>(1,192,500)</u>	0	<u>(1,227,217)</u>	<u>(1,245,760)</u>	<u>(1,264,674)</u>	<u>(553,886)</u>	<u>(1,232,459)</u>	<u>(300,000)</u>	<u>(1,532,214)</u>	
Total Secured	<u>50,753,378</u>	<u>92,613,358</u>	<u>92,702,957</u>	<u>90,321,240</u>	<u>91,328,635</u>	<u>95,138,281</u>	<u>101,004,933</u>	<u>107,321,643</u>	<u>119,384,472</u>	<u>136,423,965</u>	<u>166,385,423</u>	<u>196,352,266</u>	
<i>Unsecured</i>													
Land	0	0	0	0	0	0	0	0	0	0	46,029	0	
Improvements	827,500	0	0	0	457,480	470,720	613,070	499,690	501,840	630,890	513,570	517,190	
Personal Property	986,300	0	0	0	430,230	409,930	417,980	568,371	586,610	632,020	476,810	539,339	
Exemptions	0	0	0	0	0	<u>(43,600)</u>	<u>(36,510)</u>	<u>(33,541)</u>	<u>(41,400)</u>	<u>(14,800)</u>	<u>(64,929)</u>	<u>(48,700)</u>	
Total Unsecured	<u>1,813,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>887,710</u>	<u>837,050</u>	<u>994,540</u>	<u>1,034,520</u>	<u>1,047,050</u>	<u>1,248,110</u>	<u>971,480</u>	<u>1,007,829</u>	
GRAND TOTAL	<u>52,567,178</u>	<u>92,613,358</u>	<u>92,702,957</u>	<u>90,321,240</u>	<u>92,216,345</u>	<u>95,975,331</u>	<u>101,999,473</u>	<u>108,356,163</u>	<u>120,431,522</u>	<u>137,672,075</u>	<u>167,356,903</u>	<u>197,360,095</u>	
Percentage Change in Assessed Value			0.10%	-2.57%	2.10%	4.08%	6.28%	6.23%	11.14%	14.32%	21.56%	17.93%	
Incremental Value			40,046,180	40,135,779	37,754,062	39,649,167	43,408,153	49,432,295	55,788,985	67,864,344	85,104,897	114,789,725	144,792,917
Percentage Change in Incremental Value			0.22%	-5.93%	5.02%	9.48%	13.88%	12.86%	21.64%	25.40%	34.88%	26.14%	

(1) Source: County of Ventura

(2) Secured values include state assessed non-unitary utility property.

Community Development Commission of the City of Oxnard

Southwinds Project Area

TOP TEN TAXABLE PROPERTY OWNERS

For Fiscal Year 2006-07

12/5/2006

Table 4

	Secured			Unsecured			Total		Use Code
	Value	Parcels	% of Sec. AV	Value	Parcels	% of Unsec. AV	Value	% of Total Value	
1. Sussex Holdings LLC	\$12,035,490	1	6.13%	\$0	0	0.00%	\$12,035,490	6.10%	Residential Apartments
2. Brentwood Holdings	\$10,898,190	1	5.55%	\$0	0	0.00%	\$10,898,190	5.52%	Residential Apartments
3. Patrick & Suzanne A. O'Toole Family Trust	\$4,728,720	2	2.41%	\$0	0	0.00%	\$4,728,720	2.40%	Residential Apartments
4. Marc J. Brauer	\$3,249,675	2	1.66%	\$0	0	0.00%	\$3,249,675	1.65%	Residential Apartments
5. Edward M. Welsh Trust	\$3,161,000	2	1.61%	\$0	0	0.00%	\$3,161,000	1.60%	Residential Apartments
6. Greco-Mexica Trust	\$3,141,805	5	1.60%	\$0	0	0.00%	\$3,141,805	1.59%	Neighborhood Commercial Center
7. Miguel H. & Guadalupe Pimentel	\$3,002,860	2	1.53%	\$0	0	0.00%	\$3,002,860	1.52%	Residential Apartments
8. Oxhead Properties LLC	\$2,256,382	2	1.15%	\$0	0	0.00%	\$2,256,382	1.14%	Residential Apartments
9. Oxnard Hospitality Inc.	\$2,242,600	1	1.14%	\$0	0	0.00%	\$2,242,600	1.14%	Del Playa Inn, 54 Room Hotel
10. Maria De Jesus Rodriguez	<u>\$2,039,610</u>	<u>3</u>	<u>1.04%</u>	<u>\$0</u>	<u>0</u>	<u>0.00%</u>	<u>\$2,039,610</u>	<u>1.03%</u>	Residential Apartments
	\$46,756,332	21		\$0	0		\$46,756,332		
Project Area Assessed Value Totals: \$196,352,266			23.81%	\$1,007,829	0.00%	\$197,360,095	23.69%		
Project Area Incremental Value Totals: \$145,598,888			32.11%	(\$805,971)	0.00%	\$144,792,917	32.29%		

Community Development Commission of the City of Oxnard

Southwinds Project Area

New Development

Table 5

12/5/2006

|000's omitted

<u>Real Property</u>	<u>Sq. Ft./ # Units</u>	<u>Unit Value</u>	<u>Total Value</u>	<u>Less Existing</u>	<u>Value Added</u>	<u>Start</u>	<u>Complete</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	Lump Sum	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
Transfers of Ownership From 1/1 to 07/31/06	9	Lump Sum	<u>\$6,630,000</u>	<u>\$3,601,565</u>	<u>\$3,028</u>			<u>\$0</u>	<u>\$3,028</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Real Property:			\$6,630,000	\$3,601,565	\$3,028			\$3,028	\$0	\$0	\$0	\$0

Community Development Commission of the City of Oxnard

H.E.R.O. Project Area

Projection of Incremental Taxable Value & Tax Increment Revenue

(000's Omitted)

12/05/06

Table 1

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	
Taxable Values (1)												
Real Property (2)	1,296,541	1,340,787	1,367,602	1,394,955	1,422,854	1,451,311	1,480,337	1,509,944	1,540,142	1,570,945	1,602,364	
Personal Property (3)	76,331	76,331	76,331	76,331	76,331	76,331	76,331	76,331	76,331	76,331	76,331	
Total Projected Value	1,372,871	1,417,117	1,443,933	1,471,285	1,499,184	1,527,641	1,556,667	1,586,274	1,616,473	1,647,276	1,678,695	
Taxable Value over Base	694,038	678,833	723,079	749,895	777,247	805,146	833,603	862,629	892,236	922,435	953,238	984,657
Gross Tax Increment Revenue (4)	7,456	7,885	8,170	8,460	8,755	9,056	9,363	9,675	9,994	10,318	10,648	
Unitary Tax Revenue (5)	3	3	3	3	3	3	3	3	3	3	3	
Gross Revenues	7,459	7,887	8,172	8,462	8,758	9,059	9,366	9,678	9,996	10,320	10,650	
LESS:												
SB 2557 Admin. Fee (6)	(78)	(83)	(86)	(89)	(92)	(95)	(98)	(102)	(105)	(108)	(112)	
Housing Set Aside Requirement (7)	(1,492)	(1,577)	(1,634)	(1,692)	(1,752)	(1,812)	(1,873)	(1,936)	(1,999)	(2,064)	(2,130)	
County Collection Charge (8)	(19)	(20)	(20)	(21)	(22)	(23)	(23)	(24)	(25)	(26)	(27)	
Tax Revenues	5,870	6,207	6,432	6,660	6,892	7,129	7,371	7,617	7,867	8,122	8,382	
<i>Subordinate Statutory Tax Sharing</i>												
Statutory Tax Sharing Tier 1 (9)	(1,492)	(1,577)	(1,634)	(1,692)	(1,752)	(1,812)	(1,873)	(1,936)	(1,999)	(2,064)	(2,130)	
Statutory Tax Sharing Tier 2 (9)	0	0	0	(47)	(95)	(144)	(193)	(244)	(295)	(348)	(404)	
Statutory Tax Sharing Tier 3 (9)	0	0	0	0	0	0	0	0	0	0	0	
Net Tax Revenues	4,378	4,630	4,797	4,920	5,046	5,174	5,304	5,437	5,573	5,710	5,848	

- (1) Taxable values as reported by Ventura County.
- (2) Real property consists of land and improvements. Increased for inflation at 2% annually and for transfers of ownership as shown in Table 5.
- (3) Personal property is held constant at 2006-07 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 remain constant at \$1.081837 per \$100 of taxable value.
- (5) Unitary Revenue as reported by Ventura County for 2005-06.
- (6) SB 2557 Administrative cost is estimated at 1.05% 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) Taxing Entities receive their shares of 25% of total tax increment revenue net of housing set aside. In addition, after year 10 Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of housing set aside. After year 30, Taxing Entities receive 14% of tax revenue on incremental value above the year 30 value net of housing set aside. The City of Oxnard is considered a taxing entity and may opt to receive its share of the first tier of this pass through amount. These payments are subordinate to the payment of debt service on the Acquired Obligations.

Community Development Commission of the City of Oxnard

H.E.R.O. Project Area

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

12/05/06

Table 2

		Taxable Value		Gross Tax Revenue	Housing Set-Aside	SB 2557 & Co. Collection Charges	Tax Revenues	Statutory Tax Sharing			Net Tax Revenues
		Total Taxable Value	Over Base 694,038					Tier 1	Tier 2	Tier 3	
1	2006-07	1,372,871	678,833	7,459	(1,492)	(97)	5,870	(1,492)	0	0	4,378
2	2007-08	1,417,117	723,079	7,887	(1,577)	(103)	6,207	(1,577)	0	0	4,630
3	2008-09	1,443,933	749,895	8,172	(1,634)	(106)	6,432	(1,634)	0	0	4,797
4	2009-10	1,471,285	777,247	8,462	(1,692)	(110)	6,660	(1,692)	(47)	0	4,920
5	2010-11	1,499,184	805,146	8,758	(1,752)	(114)	6,892	(1,752)	(95)	0	5,046
6	2011-12	1,527,641	833,603	9,059	(1,812)	(118)	7,129	(1,812)	(144)	0	5,174
7	2012-13	1,556,667	862,629	9,366	(1,873)	(122)	7,371	(1,873)	(193)	0	5,304
8	2013-14	1,586,274	892,236	9,678	(1,936)	(126)	7,617	(1,936)	(244)	0	5,437
9	2014-15	1,616,473	922,435	9,996	(1,999)	(130)	7,867	(1,999)	(295)	0	5,573
10	2015-16	1,647,276	953,238	10,320	(2,064)	(134)	8,122	(2,064)	(348)	0	5,710
11	2016-17	1,678,695	984,657	10,650	(2,130)	(138)	8,382	(2,130)	(404)	0	5,848
12	2017-18	1,710,742	1,016,704	10,997	(2,199)	(143)	8,654	(2,199)	(463)	0	5,992
13	2018-19	1,743,430	1,049,392	11,350	(2,270)	(148)	8,932	(2,270)	(522)	0	6,141
14	2019-20	1,776,772	1,082,734	11,711	(2,342)	(152)	9,216	(2,342)	(582)	0	6,292
15	2020-21	1,810,781	1,116,743	12,078	(2,416)	(157)	9,506	(2,416)	(644)	0	6,446
16	2021-22	1,845,470	1,151,432	12,453	(2,491)	(162)	9,801	(2,491)	(707)	0	6,603
17	2022-23	1,880,853	1,186,815	12,836	(2,567)	(167)	10,102	(2,567)	(772)	0	6,763
18	2023-24	1,916,943	1,222,905	13,226	(2,645)	(172)	10,409	(2,645)	(837)	0	6,927
19	2024-25	1,953,756	1,259,718	13,624	(2,725)	(177)	10,722	(2,725)	(904)	0	7,093
20	2025-26	1,991,304	1,297,266	14,030	(2,806)	(182)	11,042	(2,806)	(972)	0	7,264
21	2026-27	2,029,604	1,335,566	14,445	(2,889)	(188)	11,368	(2,889)	(1,042)	0	7,437
22	2027-28	2,068,669	1,374,631	14,867	(2,973)	(193)	11,700	(2,973)	(1,113)	0	7,614
23	2028-29	2,108,516	1,414,478	15,298	(3,060)	(199)	12,039	(3,060)	(1,185)	0	7,795
24	2029-30	2,149,160	1,455,122	15,737	(3,147)	(205)	12,385	(3,147)	(1,259)	(46)	7,932
25	2030-31	2,190,616	1,496,578	16,186	(3,237)	(210)	12,738	(3,237)	(1,334)	(93)	8,073
26	2031-32	2,232,902	1,538,864	16,643	(3,329)	(216)	13,098	(3,329)	(1,411)	(142)	8,217
27	2032-33	2,276,033	1,581,995	17,109	(3,422)	(222)	13,465	(3,422)	(1,490)	(191)	8,363
28	2033-34	2,320,027	1,625,989	17,585	(3,517)	(229)	13,839	(3,517)	(1,569)	(241)	8,512
29	2034-35	2,364,901	1,670,863	18,070	(3,614)	(235)	14,221	(3,614)	(1,651)	(292)	8,664
30	2035-36	2,410,673	1,716,635	18,565	(3,713)	(241)	14,611	(3,713)	(1,734)	(344)	8,820
31	2036-37	2,457,359	1,763,321	19,070	(3,814)	(248)	15,008	(3,814)	(1,819)	(400)	8,975
32	2037-38	2,504,980	1,810,942	19,585	(3,917)	(255)	15,413	(3,917)	(1,906)	(458)	9,133
33	2038-39	2,553,553	1,859,515	20,110	(4,022)	(261)	15,827	(4,022)	(1,994)	(517)	9,294
34	2039-40	2,603,098	1,909,060	20,646	(4,129)	(268)	16,248	(4,129)	(2,084)	(577)	9,458
35	2040-41	2,653,633	1,959,595	21,192	(4,238)	(276)	16,678	(4,238)	(2,176)	(638)	9,626
36	2041-42	2,705,179	2,011,141	21,750	(4,350)	(283)	17,117	(4,350)	(2,269)	(701)	9,797
37	2042-43	2,757,756	2,063,718	22,318	(4,464)	(290)	17,564	(4,464)	(2,365)	(764)	9,972
38	2043-44 (1)	2,811,384	2,117,346	22,898	(4,580)	(298)	18,021	(4,580)	(2,462)	(829)	10,150
39	2044-45	172,569	114,121	1,234	(247)	(16)	971	(247)	(134)	(33)	557
40	2045-46	175,936	117,488	1,270	(254)	(17)	1,000	(254)	(140)	(37)	569
41	2046-47	179,370	120,922	1,308	(262)	(17)	1,029	(262)	(146)	(42)	580
42	2047-48	182,874	124,425	1,345	(269)	(17)	1,059	(269)	(152)	(46)	592
43	2048-49	186,447	127,998	1,384	(277)	(18)	1,089	(277)	(159)	(50)	604
44	2049-50	190,091	131,643	1,424	(285)	(19)	1,120	(285)	(165)	(55)	616
				552,153	(110,431)	(7,178)	434,544	(110,431)	(39,931)	(6,496)	277,687

(1) Fiscal year 2043-44 is the final year within which the original HERO project may repay indebtedness with tax increment revenue.

Community Development Commission of the City of Oxnard

H.E.R.O. Project Area

Historical Assessed Values (1)

12/05/06

Table 3

	Base Year 1997-98	1999-00*	2000-01**	2001-02***	2002-03	2003-04	2004-05	Base Year Revised	2005-06	2006-07
<i>Secured (2)</i>										
Land	549,303,420	560,510,776	228,962,923	271,360,464	315,566,282	328,382,336	381,877,677	569,712,654	540,084,826	606,987,729
Improvements	29,865	258,431	337,726,862	390,500,556	456,259,832	511,189,501	565,335,508	35,266,076	620,279,367	722,798,522
Personal Property	9,317,319	7,094,705	5,976,449	7,668,043	5,987,557	6,266,562	10,721,823	9,392,729	7,211,564	7,842,215
Exemptions	0	0	(24,006,164)	(25,717,464)	(34,539,308)	(58,116,528)	(60,795,899)	(751,818)	(82,154,189)	(84,131,007)
Total Secured	558,650,604	567,863,912	548,660,070	643,811,599	743,274,363	787,721,871	897,139,109	613,619,641	1,085,421,568	1,253,497,459
<i>Unsecured</i>										
Land	33,461,616	0	756,186	0	0	0	1,760	33,461,616	903,421	0
Improvements	0	0	36,075,544	31,446,473	33,691,102	33,645,121	32,025,040	1,723,042	76,073,683	50,885,506
Personal Property	43,477,587	2,419,030	45,404,000	56,273,566	45,577,036	48,685,963	57,737,583	45,350,287	64,929,369	68,897,356
Exemptions	0	0	(1,465,121)	(1,268,036)	(248,360)	(393,000)	(288,475)	(116,600)	(335,878)	(409,062)
Total Unsecured	76,939,203	2,419,030	80,770,609	86,452,003	79,019,778	81,938,084	89,475,908	80,418,345	141,570,595	119,373,800
GRAND TOTAL	635,589,807	570,282,942	629,430,679	730,263,602	822,294,141	869,659,955	986,615,017	694,037,986	1,226,992,163	1,372,871,259
Percentage Change in Assessed Value		10.37%	16.02%	12.60%	5.76%	13.45%		24.36%	11.89%	
Incremental Value		(65,306,865)	(6,159,128)	94,673,795	186,704,334	234,070,148	351,025,210	532,954,177	678,833,273	
Percentage Change in Incremental Value				97.21%	25.37%	49.97%				27.37%

(1) Source: County of Ventura

(2) Secured values include state assessed non-unitary utility property.

* 1999-00 Secured Values reduced by \$136,672,586 for 362 misallocated parcels.

** Values reduced for 359 parcels wrongly in Project Area (\$138,380,663). Personal Property Value of \$42.4 million cogen plant added after lien date but not acknowledged by County.

*** Reported value adjustments added to Personal Prop. in Sec.(\$1,347,871) & Unsec.(\$6,417,432)

Community Development Commission of the City of Oxnard

H.E.R.O. Project Area

TOP TEN TAXABLE PROPERTY OWNERS

For Fiscal Year 2006-07

12/05/06

Table 4

	Secured			Unsecured			Total		Use Code
	Value	Parcels	% of Sec. AV	Value	Parcels	% of Unsec. AV	Value	% of Total Value	
1. Centro Watt Operating LLC	\$49,090,231	5	3.92%	\$0	0	0.00%	\$49,090,231	3.58%	Esplanade Shopping Center
2. Riverpark A LLC	\$48,249,354	58	3.85%	\$0	0	0.00%	\$48,249,354	3.51%	Vacant Mixed Use Land Holdings
3. EF Oxnard LLC	\$42,696,100	1	3.41%	\$0	0	0.00%	\$42,696,100	3.11%	Farming and Electrical Co-Generation Facility
4. Oxnard Village Investment LLC	\$33,599,619	20	2.68%	\$0	0	0.00%	\$33,599,619	2.45%	Wagon Wheel Commercial/Industrial/Mobile Home
5. Centex Homes	\$27,678,821	3	2.21%	\$0	0	0.00%	\$27,678,821	2.02%	Vacant Residential Land Holdings
6. CMF Inc.	\$25,256,255	3	2.01%	\$0	0	0.00%	\$25,256,255	1.84%	Esplanade Shopping Lessee (Circuit City, Staples, Holiday Spa)
7. Oxnard Center Company	\$25,076,617	3	2.00%	\$0	0	0.00%	\$25,076,617	1.83%	Commercial Shopping Center
8. Boskovich Farms Inc.	\$19,601,798	6	1.56%	\$1,349,900	1	1.13%	\$20,951,698	1.53%	Produce Processing, Packing and Shipping
9. HD Development of Maryland Inc.	\$20,374,859	1	1.63%	\$0	0	0.00%	\$20,374,859	1.48%	Home Depot Store at Esplanade Shopping Center
10. UCM/Cadence Vineyard Plaza	<u>\$16,750,000</u>	<u>1</u>	<u>1.34%</u>	<u>\$0</u>	<u>0</u>	<u>0.00%</u>	<u>\$16,750,000</u>	<u>1.22%</u>	Neighborhood Shopping Center
	\$308,373,654	101		\$1,349,900	1		\$309,723,554		
Project Area Assessed Value Totals:	\$1,253,497,459		24.60%	\$119,373,800		1.13%	\$1,372,871,259	22.56%	
Project Area Incremental Value Totals:	\$639,877,818		48.19%	\$38,955,455		3.47%	\$678,833,273	45.63%	

Community Development Commission of the City of Oxnard

H.E.R.O. Project Area

New Development

Table 5

12/05/06

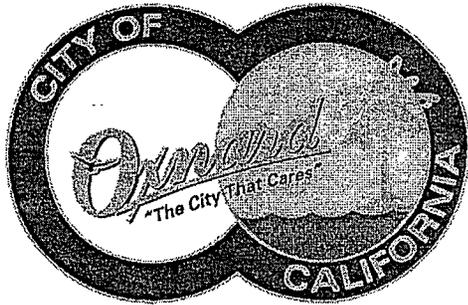
000's omitted

<u>Real Property</u>	<u>Sq. Ft./ # Units</u>	<u>Unit Value</u>	<u>Total Value</u>	<u>Less Existing</u>	<u>Value Added</u>	<u>Start</u>	<u>Complete</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	\$0.00	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
	0	Lump Sum	\$0	\$0	\$0			\$0	\$0	\$0	\$0	\$0
Transfers of Ownership From 1/1 to 07/31/06	33	Lump Sum	<u>\$30,861,545</u>	<u>\$12,546,392</u>	<u>\$18,315</u>			<u>\$0</u>	<u>\$18,315</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Real Property:			\$30,861,545	\$12,546,392	\$18,315			\$18,315	\$0	\$0	\$0	\$0

APPENDIX H

**OXNARD COMMUNITY DEVELOPMENT COMMISSION
AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2005**

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OXNARD COMMUNITY DEVELOPMENT COMMISSION

Prepared By
Finance Department
Marcie Medina, Director

(A Component Unit of the City of Oxnard, California)
Comprehensive Annual Financial Report
June 30, 2005

*Community Development Commission
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005*

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*Community Development Commission
Comprehensive Annual Financial Report
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December 4, 2005

To the Honorable Members of the Governing Board
of the Oxnard Community Development Commission
and Citizens of the City of Oxnard

INTRODUCTION

Submitted for your information and consideration is the Comprehensive Annual Financial Report (CAFR) of Oxnard Community Development Commission (CDC) for the fiscal year ended June 30, 2005. The basic financial statements are audited by an independent certified public accounting firm. The purpose of the audit is to ensure that the financial statements present fairly, in all material respects, the financial position and the results of operations of the CDC. Responsibility for both the accuracy of the data presented in this report, and the completeness and fairness of the presentation including all disclosures, rests with the CDC. We believe the data, as presented, to be accurate in all material aspects and presented in a manner designed to fairly set forth the financial position, and changes in financial position, of the CDC as measured by the financial activity the various funds. All disclosures necessary are included to enable the reader to gain the maximum understanding of the CDC's financial activities and operations.

CAFR Explanation

The CAFR was prepared in accordance with generally accepted accounting principles 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, 2005; 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, 2005:

	Fair Value
Cash Managed by the City	\$ 14,146,512
Cash with Fiscal Agents	5,088,741
Total	<u>\$ 19,235,253</u>

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

	2005	2004	2003
Average Annual Yield	2.76%	3.29%	3.78%

DEBT ADMINISTRATION

The Commission uses a variety of tax increments and loan indebtedness to finance various capital improvement projects. The outstanding balances for this indebtedness as of June 30, 2005, are as follows:

Tax Allocation Bonds	\$ 18,546,589
Notes and Loans Payable	<u>5,205,852</u>
Total Long-Term Indebtedness	<u>\$ 23,752,441</u>

**SIGNIFICANT ACCOMPLISHMENTS
FOR FISCAL YEAR 2004-2005**

COMMUNITY DEVELOPMENT DEPARTMENT

Accomplishments for Fiscal Year 2004-2005 are outlined below:

City-Wide Enhancement Program (CWEP) – Participated in the deployment of the City’s Mobile Satellite City Hall program in the West Village and Lemonwood neighborhoods and will continue to participate in neighborhood visits scheduled for 2005-2006.

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

Downtown Code Enforcement/Design Walk-Through, and Public Education Program – Continued the monthly meetings with Planning and Environmental Services Division and Code Enforcement personnel to monitor compliance with zoning and permit requirements. The Development Guidelines for signage, façade, and window treatment produced in 2002 continue to be effective in assisting merchants in understanding the various permit and zone clearance requirements. The Design Guidelines for “signs” was translated into Spanish previously, and the Central Business District (CBD) Design Criteria for Over-the-Counter Downtown Design Review Permits Guide was translated into Spanish this year to better assist some City merchants in understanding the process.

Downtown Façade Improvement Program – Continued development of a new Façade Improvement Program to begin in fall 2005.

Downtown Lighting Improvement Program Phase II – This is the second phase of the Community Development Commission’s (CDC) Program to improve downtown lighting, which consists of replacing streetlights with nostalgic lamp poles, adding streetlights, and enhancing existing parking lot lighting. This program, and the parking lot and alley improvement program are part of the downtown infrastructure improvements designed to

rebuild the economic strength of Downtown. Phase II of the Lighting Improvement Program will encompass the Meta Street area between Fourth and Seventh Streets on the east side of Oxnard Boulevard.

Downtown Maintenance Drive-Through – Continued the monthly drive-through with Solid Waste personnel to record maintenance issues and problems and then assign each problem to the appropriate division for follow-up (Streets, Solid Waste, Graffiti Action Program, Parks, Code Enforcement). This has resulted in a visible improvement to Downtown.

Downtown Maintenance Improvement – Coordinated the selection and purchase of additional trashcans for placement in the Downtown area. This is in anticipation of increased visitors as a result of the 14-screen theater complex opened in summer 2005 as well as other new retail and restaurant services. Trashcans will include both general litter and recycled material (bottles and cans) containers.

Downtown Parking Lot Improvement Program Phase I – Completed the resurfacing and restriping of 18 downtown parking lots and repaving and/or reconstruction of 13 sections of alley.

Downtown Parking Lot Improvement Program Phase II – The second phase of the Parking Lot Improvement Program will encompass the Meta Street area between Fourth and Seventh Streets on the east side of Oxnard Boulevard. Ten to fifteen downtown public parking lots/alleys have been identified for these infrastructure improvements. Construction began in summer 2005.

Downtown Parking Structure – Served as the downtown community liaison during the construction of the four-level, 450-space parking structure, completed in summer 2005.

Downtown Property – Property-based Business Improvement District (PBID) - Continued to support the PBID in its management efforts by serving as a resource to staff and as a participating member of PBID Committees. Staff has also worked jointly with the PBID to improve communication between the business community and the City to address operational and maintenance issues.

Downtown Residential Development – Completed a Disposition and Development Agreement for the construction of 12 for-sale townhomes at the northwest corner of Seventh and “A” Streets in the Downtown. The proposed homes will include three live/work units to support the retail/professional opportunities in the Downtown, further acting as a catalyst for retail activity.

Downtown Security Assessment – Supported consultant services in the development of a Downtown security assessment for the core Downtown area, the results of which will be utilized in the Downtown Lighting Improvement project and the Façade Improvement Program (specifically the Crime Prevention through Environmental Design [CPTED] elements).

Downtown Tax Credit Revenue Bond (TCRB) – Refinanced the TCRB and made available \$5 million for use in Downtown improvements, including streetscape, park improvements, and seed money for an additional parking structure. Funds for infrastructure improvements include lighting, parking lot and alley improvements and support of the Façade Improvement Program.

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 was completed in spring 2004.

Fundamentals of Redevelopment – Created a PowerPoint presentation on the fundamentals of redevelopment to assist the public with understanding the requirements of California Redevelopment Law and the projects undertaken by the CDC throughout the City. This presentation is available to service groups and other special interest groups who wish to better understand redevelopment efforts in Oxnard.

HERO - Oxnard South Revitalization – More than 45 percent of the 56 total medians to be improved in Saviers, Pleasant Valley and Hueneme Roads have now been completed. Another 6 medians are under construction and 6 additional medians are out to bid. Continued to advance Oxnard South revitalization through participation in community-based organization activities.

HERO – RiverPark – Worked with developer entities on the delivery of affordable housing, commercial retail and hotel development required by the Owner Participation Agreement and amendments thereto. Began work on the delivery of 392 affordable housing units for very low-, low- and moderate-income families. Engaged in retail attraction endeavors to assist in security anchor retail tenants.

Housing Rehabilitation and Ownership – Provided awareness of housing programs and financial assistance to residents in the Southwinds and HERO Project Areas. Provided mobile home assistance to very low-income families in the CCRP Project Area.

Meta Street Apartments – Completed the construction and occupancy of a 24-unit apartment complex, the first farmworker family housing project built in Oxnard. This project is in the Meta Street area, a severely depressed and blighted area. The 27 for-sale units will generate renewed life and interest in the downtown.

Ormond Beach – Completed the sale of 276 acres of jointly owned property by the CDC and the Metropolitan Water District (MWD) to the Nature Conservancy. The sale of the property is an effort to expand and preserve wetlands and wildlife in Ormond Beach. Assisted an energy resources company in securing a permanent easement deed on CDC/MWD jointly owned property for the potential installment of a sewage connection pipe.

Oxnard Factory Outlet – Completed termination of the development agreement allowing new property owner to pursue traditional commercial shopping center tenants. Extensive private rehabilitation of the project which has been renamed “The Palms” has begun. Phase 1 was completed in summer 2004 and Phase 2 began construction in summer 2005. Leasing efforts are underway.

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 new contacts within the commercial development, brokerage and retail communities for follow-up meetings and City tours. Designed a new poster-size exhibit with images of Oxnard along with informational literature for retail attraction. Updated City retail website providing information on Oxnard properties for lease and for sale, demographics and traffic counts.

Security Lighting and Fencing - Continued to provide homes with security fencing and lighting in the Southwinds Neighborhood to reduce crime, eliminate blight and to enhance the quality of the living environment. Met with Housing and Code Enforcement staff to discuss upgrading the quality and aesthetics of fences provided to residents participating in the security-fencing program.

Southwinds Project Area - Continued to use the private/public Southwinds Team partnership to reduce crime, eliminate blight and to enhance the quality of the neighborhood living environment. Completed rehabilitation of existing residential units and encouraged new residential and commercial development. Seventeen Housing Rehabilitation Loans and eleven Security Lighting and Fencing Grants were made.

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 development is intended to serve as a catalyst for the revitalization of downtown and a proposed downtown marketplace development.

Vineyard/Esplanade Retail – Contacted property owners and retailers in the vicinity of the Esplanade Shopping Center for encouragement to revitalize their properties along the Vineyard/Esplanade corridor. Current activity includes ongoing contact with property owners in the area to encourage further revitalization.

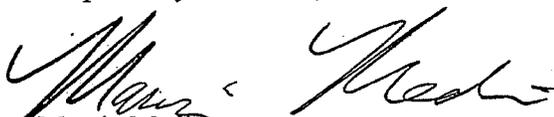
OTHER INFORMATION

The firm Mayer Hoffman McCann PC has conducted an audit of the basic financial statements of the Community Development Commission as of and for the year ended June 30, 2005. Their opinion is included in the Financial Section of this report.

Acknowledgments

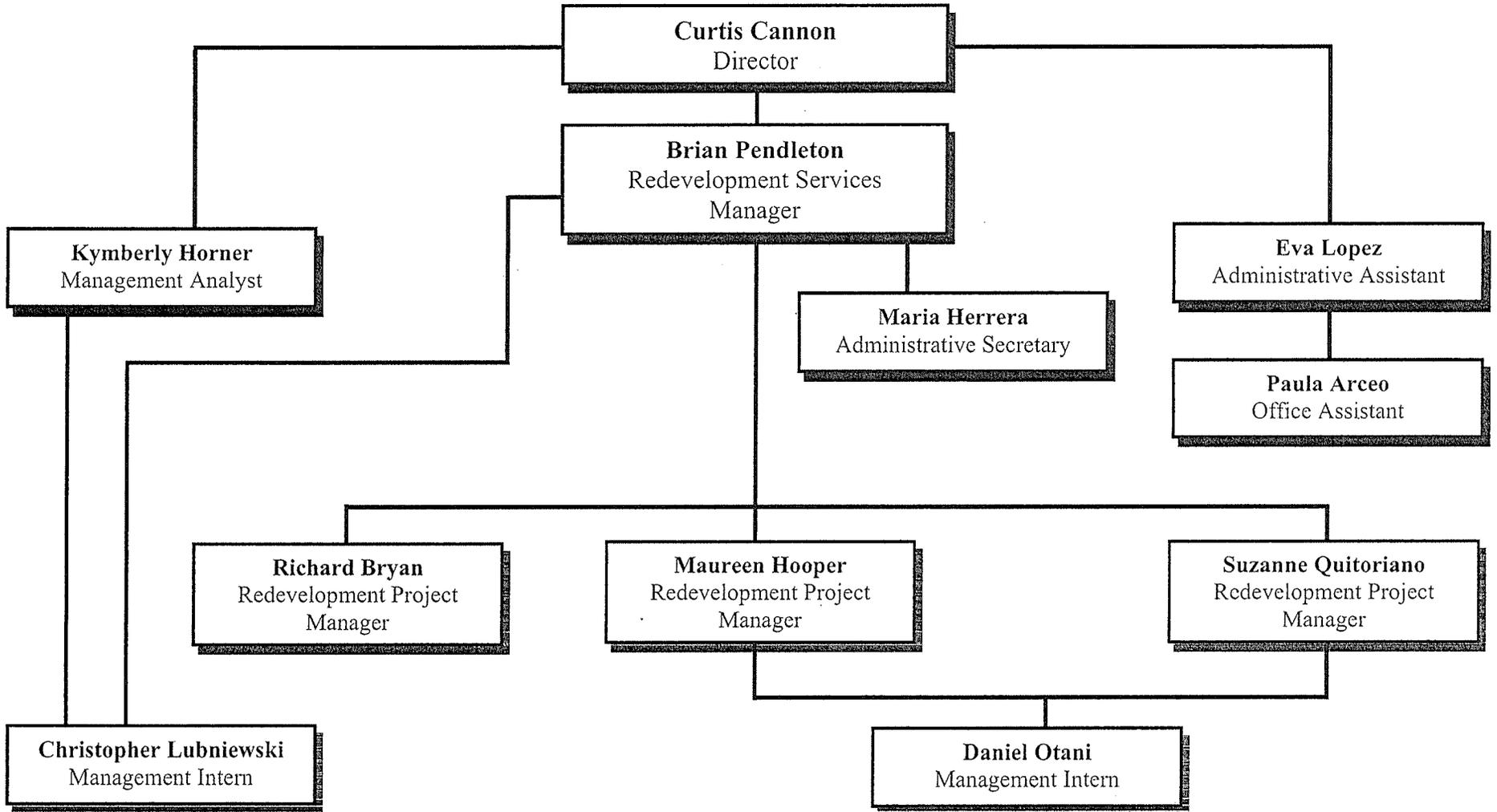
The preparation of the Commission's Comprehensive Annual Financial Report could not have been accomplished without the efficient dedicated services of the entire staff of the Finance Department and Commission Development Commission. Appreciation is also extended to the Commission's Board, City Manager and Assistant City Manager, whose leadership and commitment are vital to the growth and stability of the Community Development Commission.

Respectfully submitted,


Marcie Medina
Finance Director

*City of Oxnard, California
Community Development Commission*

Organizational Chart

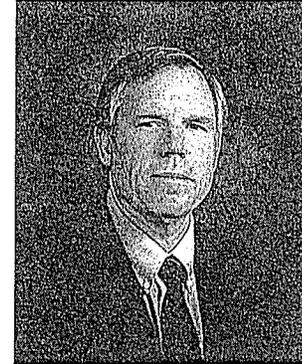


City of Oxnard, California

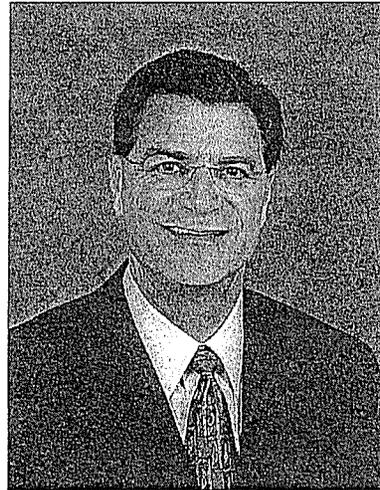
CITY COUNCIL



ANDRES HERRERA
Mayor Pro Tem



DEAN MAULHARDT
Councilmember



DR. THOMAS E. HOLDEN
Mayor



JOHN C. ZARAGOZA
Councilmember



TIMOTHY B. FLYNN
Councilman



EDMUND F. SOTELO
City Manager

City of Oxnard Organizational Chart

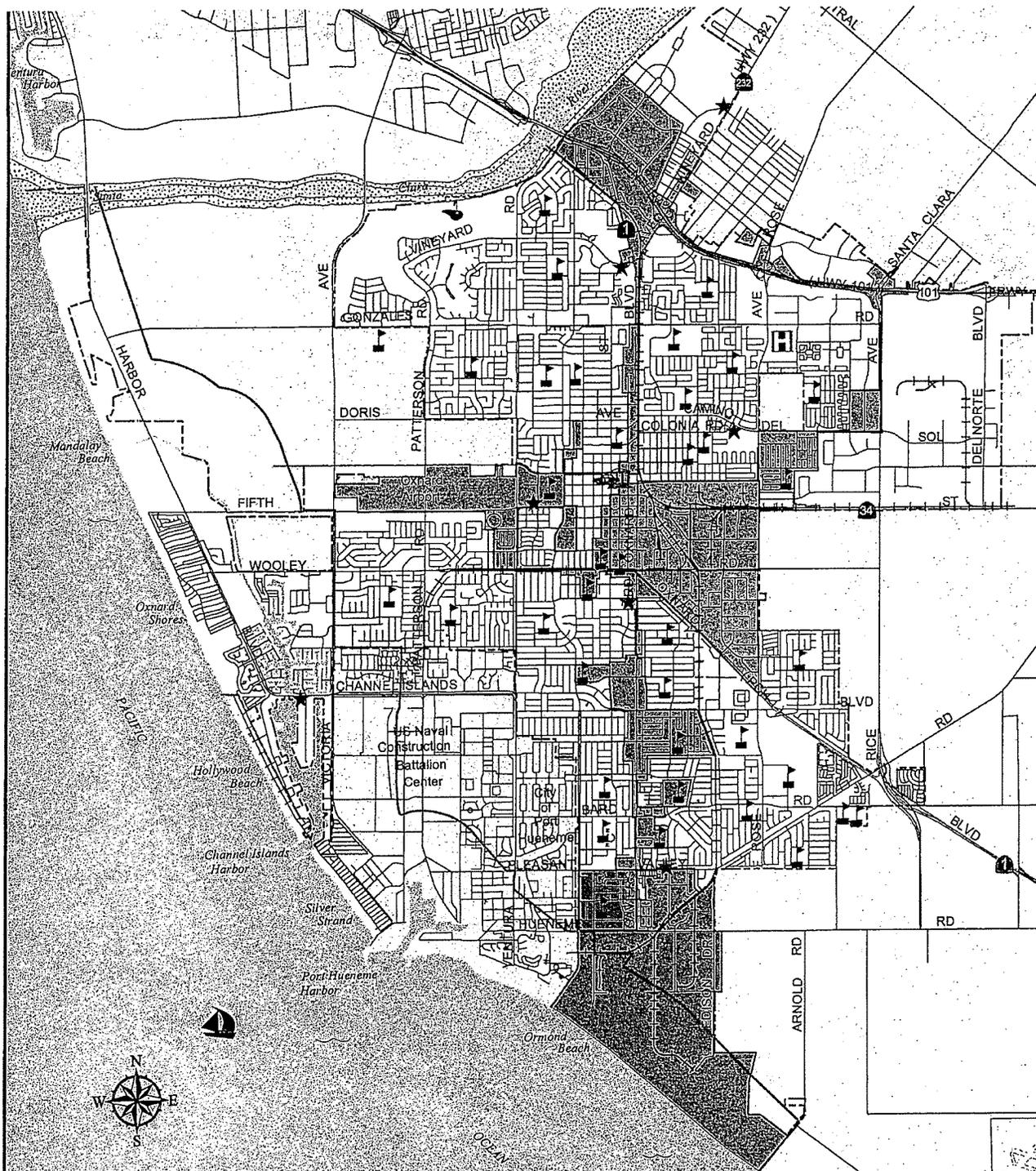
Residents		
<u>City Treasurer</u> Dale Belcher	City Council	<u>City Clerk</u> Daniel Martinez Elections Information Resources
<u>City Attorney</u> Gary Gillig Debt Collection Legal Assistance Special Litigation	<u>City Manager</u> Edmund Sotelo	<u>CDC</u> Curtis Cannon Central Business Dist. Harbor District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



KAREN BURNHAM
Assistant City Manager

<u>Police</u>	<u>Fire</u>	<u>Housing</u>	<u>Finance</u>	<u>Recreation and Community Services</u>	<u>Development Services</u>	<u>Public Works</u>	<u>City Manager</u>	<u>Human Resources</u>	<u>Library</u>
John Cronbach	Joe Milligan	Sal Gonzalez	VACANT	VACANT	Matt Winegar	VACANT	Edmund Sotelo	Rachel Shaw	Barbara Murray
Administrative Services (Brian MacDonald) Emergency Communications Professional Standards Support Services Field Operations (Mike Matlock) Code Enforcement Community Patrol Investigative Services (Charles Hookstra) Investigative Services Special Services	Disaster Preparedness (Darwin Base) Emergency Services (Terry McAnally) (Michael O'Malia) (Chris Donabedian) Fire Prevention (Tom Waller) CUPA (Steve Mattern)	Administrative Services (Carrie Sabatini) Affordable Housing (Ernie Whitaker) Housing Assistance (Arturo Casillas) 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 Development Services (Rob Roshanian) Development Services Planning (Vacant) Planning & Environmental Services	Streets & Waterways (Daniel Rydberg) Inland Waterways Parking Lots Street Maintenance & Repair Traffic Signs & Markings Engineering Services (Rob Roshanian) Construction Services Design Equipment Maintenance (Dan Berlenbach) Parks & Facilities (Michael Henderson) Facilities Maintenance Landscape Assessment & Graffiti Removal Park/Facility Development Parks Maintenance River Ridge Golf Course Street Lighting	Solid Waste Reduction and Disposal (Don Smith) Collection Planning Processing & Disposal Waste Reduction Transportation (Martin Erickson) Traffic Engineering & Services Transportation Planning & Services Wastewater (Mark Norris) Flood Control Storm Water Quality Technical Services Treatment Services Water (Ken Ortega) Distribution Procurement Production Water Services	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 Help Desk 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

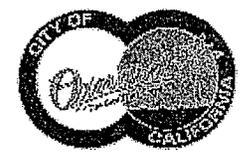
Structure: Department - Department Director - Division - (Division Manager) - Program



LEGEND

- 
CENTRAL CITY REVITALIZATION PROJECT (CCRPR)
 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 4, 2005

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.



Mayer Hoffmann McCann P.C.
An Independent CPA Firm

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oxnard Community Development Commission (the Commission), a component unit of the City of Oxnard, California, as of and for the year ended June 30, 2005, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Oxnard Community Development Commission as of June 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

SOUTHERN CALIFORNIA LOCATIONS

11601 WILSHIRE BOULEVARD, SUITE 2300 • LOS ANGELES, CA 90025 • PH 310.268.2000 • FAX 310.268.2001
5060 CALIFORNIA AVENUE, SUITE 800 • BAKERSFIELD, CA 93309 • PH 661.325.7500 • FAX 661.325.7004
300 ESPLANADE DRIVE, SUITE 250 • OXNARD, CA 93036 • PH 805.988.3222 • FAX 805.988.3220

The management's discussion and analysis on pages 3 through 7 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, combined, combining, individual fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section, combined, combining and individual fund financial statements and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with government auditing standards, we have also issued our report dated October 20, 2005, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with government auditing standards and should be read in conjunction with this report in considering the results of operations.



Oxnard, California
October 20, 2005



Mayer Hoffman McCann P.C.
An Independent CPA Firm

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

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

We have audited the financial statements of the governmental activities and each major fund of the Oxnard Community Development Commission (the Commission) as of and for the year ended June 30, 2005, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance and Other Matters

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 other agreements, 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's Office, Division of Local Government Fiscal Affairs. 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 or other matters that are required to be reported under Government Auditing Standards.

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300 ESPLANADE DRIVE, SUITE 250 • OXNARD, CA 93036 • PH 805.988.3222 • FAX 805.988.3220

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 opinions 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 caused by error or fraud 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.

This report is intended solely for the information and use of management, the governing board, and the State Controller's Office, Division of Accounting and is not intended to be and should not be used by anyone other than these specified parties.



Oxnard, California
October 20, 2005

Oxnard Community Development Commission
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005

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, 2005. 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
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule summarizes the financial position of the Commission as of June 30, 2005:

	2005	2004	Increase (Decrease)
Assets			
Current and other assets	\$ 25,312,548	\$ 20,770,229	\$ 4,542,319
Capital assets	30,945,336	30,791,414	153,922
Total assets	56,257,884	51,561,643	4,696,241
Liabilities			
Current and other liabilities	4,577,424	4,649,913	(72,489)
Long-term liabilities	23,050,546	24,041,063	(990,517)
Total liabilities	27,627,970	28,690,976	(1,063,006)
Net assets			
Invested in capital assets (net of related debt)	7,192,895	6,568,909	623,986
Restricted net assets	4,166,826	4,135,545	31,281
Unrestricted	17,270,193	12,166,213	5,103,980
Total net assets	\$ 28,629,914	\$ 22,870,667	\$ 5,759,247

At the end of the current fiscal year, the Commission reported positive balances in all three categories of net assets. Key changes in the statement of net assets are as follows: The Commission's current and other assets increased by \$4.5 million or 21.87 percent. The increase in cash is due to an increase in the tax increment revenue and a decrease in expenditures from the prior fiscal year. Long-term liabilities decreased by 4.12 percent due to the payoff of the Brown Building notes payable of \$315,000.

At the end of Fiscal Year 2004-2005, the current and other assets are 44.99 percent of total assets, with the remaining 55.01 percent representing capital assets, net of accumulated depreciation. The total net assets of the Commission increased 25.18 percent at June 30, 2005.

The increase of \$5,759,247 mainly derives from the increase in property tax increment revenue.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2005, the Commission's net assets are \$28,629,914.

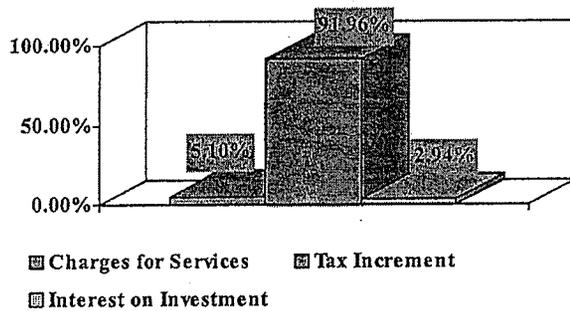
The following presents the change in net assets for the Commission's governmental activities for the year ended June 30, 2005:

2	2005	2004	Increase (Decrease)
Revenues			
Program revenues:			
Charges for services	\$ 641,506	\$ 600,607	\$ 40,899
General revenues			
Tax increment	11,559,285	9,665,055	1,894,230
Interest on investments	369,140	302,234	66,906
Total revenues	12,569,931	10,567,896	2,002,035
Expenses			
Community development	6,363,293	7,904,930	(1,541,637)
Interest expenses	1,147,391	1,118,041	29,350
Total expenses	7,510,684	9,022,971	(1,512,287)
Excess (deficiency) before transfers	5,059,247	1,544,925	3,514,322
Transfers	700,000	—	—
Changes in net assets	\$ 5,759,247	\$ 1,544,925	\$ 3,514,322

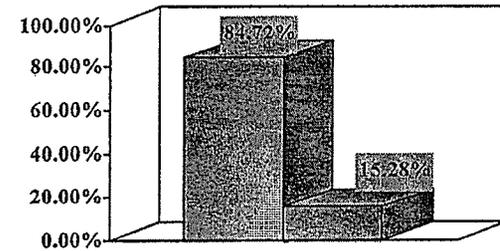
Oxnard Community Development Commission
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005

The following table presents the Commission's sources of revenue for the year ended June 30, 2005:

Sources of Revenue



Functional Expenses



■ Community Development ■ Interest Expenses

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 increments within each project area. These funds are classified as capital projects funds.

FINANCIAL ANALYSIS OF MAJOR FUNDS

The Commission's total revenues for Fiscal Year 2004-2005 amounted to \$12,569,931, an increase of 18.94 percent from prior fiscal year amount of \$10,567,896. The Commission's major source of revenue is tax increment revenue, which represents 91.96 percent of total revenues. The Commission's total expenses were \$7,510,684 for the year ended June 30, 2005, a decrease of 16.76 percent. The expenditure decreases in Community Development of \$1,541,637 are administrative costs, capital outlay and depreciation expenses.

Total revenues for the governmental funds for Fiscal Year 2004-2005 were \$12,569,931 while expenditures amounted to \$8,571,652, which resulted in an excess of revenues over expenditures of \$3,998,279 for the year. The following table shows the results of operations for each major fund for Fiscal Year 2004-2005:

	2005	2004	Increase (Decrease)
Central City Redevelopment	\$ 1,108,341	\$ (260,566)	\$ 1,368,907
Downtown Renewal Project	69,756	122,704	(52,948)
Southwinds Redevelopment Project	418,375	451,690	(33,315)
Ormond Beach Redevelopment Project	701,397	494,222	207,175
HERO Project	2,542,832	199,201	2,343,631
Housing Set-Aside	(534,582)	(837,053)	302,471
Debt Service Fund	(307,840)	—	(307,840)
Total	\$ 3,998,279	\$ 170,198	\$ 3,828,081

*Oxnard Community Development Commission
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005*

For the current Fiscal Year 2004-2005, 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 31.49 percent in revenue due to an increase in property tax increments because of an increase in property tax assessed valuations and growth. However, there is also a decrease of 31.28 percent in expenditures due to administrative, professional services and capital outlay improvement costs.
- The Downtown Renewal Project Fund had an increase in revenue of 8.22 percent due to an increase in property tax increment. The increase in expenditures of 16.78 percent mainly due to an increase of administrative costs and professional services.
- The Southwinds Redevelopment Project Fund had an increase of 24.14 percent in revenue due to higher property tax increments collected because of an increase in property assessed valuations. The increase in expenditures of 68.32 percent from prior fiscal year is due to higher administrative costs and capital improvement costs.
- The decrease in revenues for Ormond Beach Redevelopment Project Fund of 4.94 percent from prior year is due to a decrease in property tax increment in the project area. The decrease in expenditures of 16.66 percent is due to a decrease of administrative costs offset by an increase in professional services.
- The increase in H.E.R.O. Redevelopment Project Fund revenues for Fiscal Year 2004-2005 of 46.62 percent from prior year is due

to an increase in property tax assessed valuations. The decrease in expenditures of 34.65 percent is due to a decrease of administrative cost.

- The increase in revenue for the Housing Set-Aside Fund for the Fiscal Year 2004-2005 of 130.59 percent from prior year is due to an increase in interest earned on investment and miscellaneous income. The decrease in expenditures of 14.09 percent is due to a decrease in administrative costs and capital outlay improvement costs.
- The increase of excess of revenues over expenditures from \$170,198 for Fiscal Year 2004-2005 to \$3,998,279 for Fiscal Year 2004-2005 is due to increases in property tax increments, interest and other revenues offset by a decrease in expenditures due to administrative costs, professional services and capital outlay improvement costs.

CAPITAL ASSETS

The Commission's investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$30,945,336 (net of depreciation). The Commission's capital assets include land, buildings, and improvements other than buildings, machinery and equipment, and construction in progress. The Commission's investments in capital assets increased by 0.50 percent from the prior year.

Major capital assets additions during Fiscal Year 2005 related to improvement of projects for sign/image rehabilitation, street lighting,

Oxnard Community Development Commission
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2005

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, 2005:

Governmental Activities	2005	2004	Increase (Decrease)
Land, buildings, and improvements	\$ 32,147,625	\$ 32,147,625	\$ 0
Construction in progress	928,486	0	928,486
Equipment and machinery	115,084	115,084	0
Total	33,191,195	32,262,709	928,486
Accumulated depreciation	(2,245,859)	(1,471,295)	(774,564)
Total capital assets (net)	\$ 30,945,336	\$ 30,791,414	\$ 153,922

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, 2005, the Commission's long-term debt outstanding for governmental activities was \$23,752,441.

The following table provides a breakdown of the Commission's outstanding indebtedness as of June 30, 2005:

	2005	2004	Increase (Decrease)
Tax Allocation Refunding Bonds, Series 2004A	\$ 18,635,000	\$ 19,185,000	\$ (550,000)
Notes and loans payable	5,205,852	5,621,475	(415,623)
Unamortized discounts	(88,411)	(98,234)	9,823
Total long-term indebtedness	\$ 23,752,441	\$ 24,708,241	\$ (955,800)

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 increments 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, 300 West Third Street, Oxnard, California 93030.

Oxnard Community Development Commission

*Statement of Net Assets
June 30, 2005*

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 14,146,512
Investments with fiscal agents	5,088,741
Accounts and other receivables	6,026
Notes receivable	823,240
Properties held for resale	4,811,047
Other assets	436,982
Capital assets not being depreciated:	
Land	1,221,289
Construction in progress	928,486
Capital assets (net of accumulated depreciation):	
Buildings	497,924
Machinery and equipment	8,325
Improvement other than buildings	28,289,312
Total assets	<u>56,257,884</u>
Liabilities	
Accounts payable	367,819
Other liabilities	49,411
Due to other governments	858,299
Due to City of Oxnard	2,600,000
Non-current liabilities:	
Due within one year	701,895
Due in more than one year	23,138,957
Less: unamortized discounts	(88,411)
Total liabilities	<u>27,627,970</u>
Net assets	
Invested in capital assets (net of related debt)	7,192,895
Restricted for:	
Capital projects	4,166,826
Unrestricted	17,270,193
Total net assets	<u>\$ 28,629,914</u>

The notes to the financial statements are an integral part of this statement.

Oxnard Community Development Commission

*Statement of Activities
For the Year Ended June 30, 2005*

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
Governmental Activities:			
Community development	\$ 5,588,729	\$ 641,506	\$ (4,947,223)
Depreciation	774,564	—	(774,564)
Interest on long-term debt	1,147,391	—	(1,147,391)
Total governmental activities	\$ 7,510,684	\$ 641,506	\$ (6,869,178)
General revenues:			
			11,559,285
			369,140
			700,000
			<u>12,628,425</u>
			5,759,247
			22,870,667
			<u>\$ 28,629,914</u>

The notes to the financial statements are an integral part of this statement.

Oxnard Community Development Commission

**Balance Sheet
Governmental Funds
June 30, 2005**

	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	\$ 1,640,846	\$ 215,915	\$ 1,556,828	\$ 1,189,724	\$ 3,660,436	\$ 5,882,763	\$ —	\$ 14,146,512
Investments with fiscal agents	5,088,741	—	—	—	—	—	—	5,088,741
Accounts and other receivables	6,026	—	—	—	—	—	—	6,026
Notes receivable	805,367	—	17,873	—	—	—	—	823,240
Properties held for resale	4,683,847	127,200	—	—	—	—	—	4,811,047
Total assets	\$ 12,224,827	\$ 343,115	\$ 1,574,701	\$ 1,189,724	\$ 3,660,436	\$ 5,882,763	\$ —	\$ 24,875,566
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ 194,043	\$ —	\$ 198	\$ 133,504	\$ 34,139	\$ 5,935	\$ —	\$ 367,819
Other liabilities	34,666	151	—	260	—	14,334	—	49,411
Due to other governments	76,102	—	—	714,243	67,954	—	—	858,299
Due to city of oxnard	2,600,000	—	—	—	—	—	—	2,600,000
Total liabilities	2,904,811	151	198	848,007	102,093	20,269	—	3,875,529
Fund balances:								
Reserved:								
Restricted revenue	5,088,741	—	—	—	—	—	—	5,088,741
Notes receivable	805,367	—	17,873	—	—	—	—	823,240
Properties held for resale	4,683,847	127,200	—	—	—	—	—	4,811,047
Unreserved reported in:								
Capital project funds	(1,257,939)	215,764	1,556,630	341,717	3,558,343	5,862,494	—	10,277,009
Total fund balances	9,320,016	342,964	1,574,503	341,717	3,558,343	5,862,494	—	21,000,037
Total liabilities and fund balances	\$ 12,224,827	\$ 343,115	\$ 1,574,701	\$ 1,189,724	\$ 3,660,436	\$ 5,882,763	\$ —	\$ 24,875,566

The notes to the financial statements are an integral part of this statement.

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
For the Year Ended June 30, 2005*

Total fund balances - governmental funds	\$ 21,000,037
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	30,945,336
Unamortized discounts used in governmental activities are not financial resources and therefore are not reported in the funds.	436,982
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(23,752,441)</u>
Net Assets of governmental activities (page 8)	<u><u>\$ 28,629,914</u></u>

The notes to the financial statements are an integral part of this statement.

Oxnard Community Development Commission

*Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005*

	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								
Taxes	\$ 2,193,772	\$ 166,221	\$ 924,520	\$ 2,326,648	\$ 4,201,527	\$ —	\$ 1,746,597	\$ 11,559,285
Interest	126,302	4,437	36,242	21,520	61,637	119,002	—	369,140
Rental income	2,651	—	—	—	—	—	—	2,651
Miscellaneous	374,198	—	—	12	89,600	175,045	—	638,855
Total revenues	2,696,923	170,658	960,762	2,348,180	4,352,764	294,047	1,746,597	12,569,931
Expenditures								
Current:								
Community development:								
Salaries and wages	388,990	17,681	88,407	61,885	256,380	460,801	—	1,274,144
County administrative charges – property tax	56,382	2,914	18,901	39,085	84,382	—	—	201,664
Assessment district payment	120,000	54,539	—	—	—	—	—	174,539
ERAF assessment	5,000	5,163	200,000	120,000	354,000	—	—	684,163
Tax increment pass-through	89,005	—	—	1,289,009	756,715	—	—	2,134,729
Indirect prorated cost charges	109,162	—	25,529	20,473	23,747	—	—	178,911
Interfund prorated charges	248,366	11,598	57,990	47,385	168,172	46,393	—	579,904
Other administrative costs	4,521	1,572	50,550	1,572	1,572	10,348	—	70,135
Capital outlay:								
Professional services	143,561	7,435	10,701	67,374	38,896	22,573	—	290,540
Project improvements	423,595	—	90,309	—	126,068	288,514	—	928,486
Debt service:								
Principal	—	—	—	—	—	—	965,623	965,623
Interest and fiscal charges	—	—	—	—	—	—	1,088,814	1,088,814
Total expenditures	1,588,582	100,902	542,387	1,646,783	1,809,932	828,629	2,054,437	8,571,652
Excess (deficiency) of revenues over expenditures	1,108,341	69,756	418,375	701,397	2,542,832	(534,582)	(307,840)	3,998,279
Other financing sources (uses)								
Transfers in	700,000	—	—	—	—	2,324,006	307,840	3,331,846
Transfers out	(704,734)	(33,244)	(197,056)	(548,669)	(840,303)	(307,840)	—	(2,631,846)
Total other financing sources (uses)	(4,734)	(33,244)	(197,056)	(548,669)	(840,303)	2,016,166	307,840	700,000
Net change in fund balances	1,103,607	36,512	221,319	152,728	1,702,529	1,481,584	—	4,698,279
Fund balances, July 1, 2004	8,216,409	306,452	1,353,184	188,989	1,855,814	4,380,910	—	16,301,758
Fund balances, June 30, 2005	\$ 9,320,016	\$ 342,964	\$ 1,574,503	\$ 341,717	\$ 3,558,343	\$ 5,862,494	\$ —	\$ 21,000,037

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Change in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2005

Net change in fund balances - total governmental funds	\$ 4,698,279
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	(774,564)
Capital outlay expenditures were capitalized and added to the capital assets of governmental funds.	928,486
Repayment of long-term obligations is an expenditure in governmental funds, but repayment reduces long-term liabilities in the statement of net assets.	965,623
The amount included in the statement of activities does not provide (or require) the use of current financial resources and therefore is not reported as revenue or expenditures in governmental funds (net change): interest expenses.	(58,577)
Changes in net assets of governmental activities (page 9)	\$ 5,759,247

The notes to the financial statements are an integral part of this statement.

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, 2005, the fund balance in the Housing Set-Aside Fund amounted to \$5,862,494, of which \$3,359,838 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:

- 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.

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 2027.
- ❖ **Downtown Renewal Project Fund:** This fund was established on May 14, 1968, with projected life thru 2020.
- ❖ **Southwinds Redevelopment Project Fund:** This fund was established on June 16, 1985, with projected life thru 2036.
- ❖ **Ormond Beach Redevelopment Project Fund:** This fund was established on November 22, 1983, with projected life thru 2034.
- ❖ **Historic Enhancement and Revitalization of Oxnard (HERO) Project Fund:** This fund was established on April 17, 1998, with projected life thru year 2044.
- ❖ **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 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
Equipment and Machinery	5-20 years

F. Properties Held for Resale

Properties acquired for the Heritage Square office complex are included as properties held for resale, which are carried at the lower cost or estimated fair value. At June 30, 2005, properties held for resale amounted to \$4,811,047.

G. Use of Estimates

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

2. TAX INCREMENT PLEDGES AND REVENUE

The City has advanced money to, and incurred expenditures for, the Commission's Downtown Renewal Project Fund. The Commission is obligated, under certain circumstances, to reimburse the City for such advances from certain tax increment revenues.

Under the pledge of project area tax increment revenues, the Commission must first reimburse the City for the City's maintenance of the Parking Lot (approximately \$25,500 annually). Remaining tax increments are pledged for repayment of amounts advanced by the City.

3. CASH AND INVESTMENTS

Cash and cash equivalents and investments with fiscal agents of the Commission are comprised of the following at June 30, 2005:

	<u>Fair Value</u>
Cash managed by the City - various deposits and investments	\$ 14,146,512
Cash and investments managed by other fiscal agents - U.S. agency securities and money market accounts	5,088,741
Total	<u><u>\$ 19,235,253</u></u>

The cash and investments of the Commission are managed by the City and other fiscal agents. The cash balances managed by the City are pooled and invested along with City funds for the purpose of increasing interest earnings while maintaining safety of principal balances. The Commission can withdraw its cash from the City's pooled cash and investments with two days' notice and accordingly these monies are considered cash equivalents. The City's pooled investments, excluding investments held in trust by fiscal agents, at June 30, 2005, had a total fair value of \$189,397,797. The Commission's share of the City's pooled investments at June 30, 2005, had a total fair value of \$14,146,512.

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 SunGard 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.

Additional information on the City's pooled cash and investments can be found in the City's Comprehensive Annual Financial Report for the year ended June 30, 2005.

The Commission's share of the City's total investment pool 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.

Investments with fiscal agents are investments held by the bond trustee. The City and its investment advisor on behalf of the Commission, selects the investment under the terms of the applicable trust agreement, directs the bond trustee to acquire the investment, and the bond trustee then holds the investment on behalf of the Commission. Proceeds of bonds administered by bond trustees are also generally covered under the City Treasurer's investment policy; however, specific provisions of each issuance are usually used in managing such investments. In addition, the Investment Policy allows for bond reserve funds to be invested in securities with maturities in excess of 5 years.

4. CAPITAL ASSETS

Changes in the Commission's capital assets for the year ended June 30, 2005, are as follows:

	Balance July 1, 2004	Additions	Balance June 30, 2005
Governmental activities			
Capital assets, not being depreciated:			
Land	\$ 1,221,289	\$ —	\$ 1,221,289
Construction in progress	—	928,486	928,486
Total capital assets, not being depreciated	<u>\$ 1,221,289</u>	<u>\$ 928,486</u>	<u>\$ 2,149,775</u>
Capital assets, being depreciated			
Land improvements	—	—	—
Buildings	808,433	—	808,433
Improvement other than building	30,117,903	—	30,117,903
Equipment and machinery	115,084	—	115,084
Total capital assets, being depreciated	<u>31,041,420</u>	<u>—</u>	<u>31,041,420</u>
Less accumulated depreciation for:			
Land improvements	—	—	—
Buildings	(295,188)	(15,321)	(310,509)
Improvement other than building	(1,075,644)	(752,947)	(1,828,591)
Equipment and machinery	(100,463)	(6,296)	(106,759)
Total accumulated depreciation	<u>(1,471,295)</u>	<u>(774,564)</u>	<u>(2,245,859)</u>
Total capital assets, being depreciated, net	<u>29,570,125</u>	<u>(774,564)</u>	<u>28,795,561</u>
Total	<u>\$ 30,791,414</u>	<u>\$ 153,922</u>	<u>\$ 30,945,336</u>

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, 2005.

Notes to the Basic Financial Statements
June 30, 2005

The Commission holds notes for the sales of properties in the Heritage Square office complex during Fiscal Year 1999-2000 with an unpaid balance of \$394,023 as of June 30, 2005, which bear interest at eight percent and mature in the year 2020. The notes are secured by the Heritage Square restoration projects.

On February 8, 2005, the Commission loaned to a developer for the purpose of paying rehabilitation costs for the site and improvements in an amount not to exceed seven hundred thousand dollars (\$700,000), evidenced by promissory note and secured by, among other things, the Deed of Trust, repayable to the commission. On June 30, 2005, \$411,344 was the amount issued to borrower as part of the \$700,000 loan agreement. The promissory note shall bear interest at an initial rate of six percent (6%) and be adjustable after three (3) years and then again after an additional three (3) years to an interest rate of prime rate plus one percent (1%) as published in the Wall Street Journal or equivalent national financial publication. Monthly payments shall be computed on the basis of 30-year amortization. At the end of ten (10) years, the principal loan balance and interest then outstanding shall be due and payable.

6. LONG-TERM OBLIGATIONS

The following is a summary of changes in the Commission's long-term obligations for the year ended June 30, 2005:

	Balance July 1, 2004	Issued	Retired	Balance June 30, 2005	Amounts Due Within One Year
Governmental activities					
Tax allocation refunding bonds series 2004a	\$ 19,185,000	\$ —	\$ 550,000	\$ 18,635,000	\$ 605,000
Notes payable (brown building)	315,075	—	315,075	—	—
Metropolitan water district loan	5,306,400	—	100,548	5,205,852	106,718
Unamortized discounts	(98,234)	—	(9,823)	(88,411)	(9,823)
Total	\$ 24,708,241	\$ —	\$ 955,800	\$ 23,752,441	\$ 701,895

Tax Allocation Refunding Bonds Series 2004A - The Commission issued tax allocation refunding bonds, series of 2004; interest rate starting from 2.00 to 4.95 percent; issued May 4, 2004; maturing on September 1, 2026; original amount - \$19,185,000, refunded the Tax Allocation Refunding Bonds Series 1994A and to finance additional redevelopment activities within the Project Area. The balance outstanding and recorded as governmental activities as of June 30, 2005, is \$18,635,000.

Notes and Loans Payable

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 six percent per annum. The note matures at various times through December 2028. At June 30, 2005, the outstanding balance was \$5,205,852.

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, 2004A		Metropolitan Water District Loan	
	Principal	Interest	Principal	Interest
2006	\$ 605,000	\$ 765,949	\$ 106,718	\$ 309,980
2007	620,000	750,599	113,267	303,431
2008	640,000	728,499	120,217	296,481
2009	665,000	702,399	127,594	289,104
2010	690,000	680,129	135,424	281,274
2011-15	3,785,000	3,052,162	812,451	1,271,039
2016-20	4,555,000	2,242,003	1,094,613	989,237
2021-25	4,810,000	1,171,490	1,473,800	609,689
2026-2028	2,265,000	113,478	1,221,768	132,142
Totals	\$ 18,635,000	\$ 10,206,708	\$ 5,205,852	\$ 4,482,377

7. PROPERTIES HELD FOR RESALE

During Fiscal Year 2004-2005, the Commission sold 348-350 South "A" Street, which valued at \$275,000. On October 21, 2004, the Commission Appraisal Listing for properties held for resale was \$5,086,047. The estimated appraised values of property held for resale prior to July 1, 2004, valued at \$4,854,250, was lower than the September 2004 Appraisal Listing by \$231,797; thereby the Commission adjusted the properties held for resale by \$231,797 to reflect the differences of the appraised value. The June 30, 2005 properties held for resale balance of \$4,811,047 represents 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 based upon past experience, modified for current trends and information. For the year ended June 30, 2005, the Commission paid premiums of \$16,892 to the City related to the self-insurance program.

While the ultimate losses incurred through June 30, 2005, 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 seven 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 2004-2005, the Commission's total contribution was \$80,192, consisting of PARS \$33,731 and PERS \$46,461.

Citywide information concerning elements of unfunded pension benefit obligation, contributions to PERS for the year ended June 30, 2005, 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.

**SUPPLEMENTARY
INFORMATION SECTION**

Oxnard Community Development Commission

*Schedule of Revenues, Expenditures and Changes in Fund Balances
 CDC Debt Service Fund
 For the Year Ended June 30, 2005*

	CCRP Debt Service	Ormond Beach Debt Service	Debt Service Total
Revenues			
Taxes	\$ 1,329,899	\$ 416,698	\$ 1,746,597
Interest	—	—	—
Total Revenues	\$ 1,329,899	\$ 416,698	\$ 1,746,597
Expenditures			
Debt Service:			
Principal	\$ 865,075	\$ 100,548	\$ 965,623
Interest	772,664	316,150	1,088,814
Total Expenditures	1,637,739	416,698	2,054,437
Excess (Deficiency) of Revenues Over Expenditures	(307,840)	—	(307,840)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	307,840	—	307,840
Total Other Financing Sources (Uses)	307,840	—	307,840
Net Change in Fund Balance	—	—	—
Fund balances, July 1	—	—	—
Fund balances, June 30	\$ —	\$ —	\$ —

Oxnard Community Development Commission

*Schedule of Revenues, Expenditures and Changes in Fund Balances
 CDC Debt Service Fund
 For the Year Ended June 30, 2005*

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Tax increment	\$ 2,397,395	\$ 1,746,597	\$ (650,798)
Total revenues	\$ 2,397,395	\$ 1,746,597	\$ (650,000)
Expenditures			
Debt service payments			
Principal	\$ 965,623	\$ 100,548	\$ 965,623
Interest	1,130,217	1,088,814	41,403
Total expenditures	2,397,395	2,054,437	342,958
Excess (deficiency) of revenues over expenditures	—	(307,840)	(307,840)
Other financing sources (uses)			
Operating transfers in	—	—	307,840
Total other financing sources (uses)	—	—	—
Net change in fund balance	—	—	—
Fund balances, July 1	—	—	—
Fund balances, June 30	\$ —	\$ —	\$ —

STATISTICAL SECTION

The Statistical Section contains comprehensive statistical data, which relates to physical, economic, social, and political characteristics of the Community Development Commission. It is intended to provide users with a broader and more complete understanding of the Commission and its financial affairs than is possible from the basic financial statements.

Statistical Section tables usually cover more than two fiscal years and often present data from outside the accounting records. The Statistical Section information is not subject to independent audit.

Oxnard Community Development Commission

TABLE I
Tax Increment Revenue
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area			Downtown Renewal Project Area	Southwinds Project Area	Ormond Beach Project Area			Historical Enhancement & Revitalization of Oxnard Project Area
	Capital Projects	Debt Service	Total			Capital Projects	Debt Service	Total	
1996	820,854	1,701,303	2,522,157	142,079	472,335	—	—	—	—
1997	457,503	1,678,122	2,135,625	125,467	414,276	—	—	—	—
1998	295,916	1,739,475	2,035,391	116,666	448,834	—	—	—	—
1999	467,758	1,726,317	2,194,075	114,802	417,517	—	—	—	—
2000	632,090	1,705,570	2,337,660	113,876	427,221	—	—	—	1,561,243
2001	512,063	1,759,805	2,271,868	112,599	448,803	—	—	—	1,300,353
2002	913,558	1,629,857	2,543,415	127,232	523,236	—	—	—	1,291,922
2003	2,708,970	1,578,127	4,287,097	149,269	594,777	—	—	—	983,189
2004	1,520,278	1,602,239	3,122,517	149,886	728,848	2,422,809	416,698	2,839,507	2,824,297
2005	2,193,772	1,329,899	3,523,671	166,221	924,520	2,326,648	416,698	2,743,346	4,201,527

Source: Finance Department

Oxnard Community Development Commission

TABLE II
Interest Income
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwinds Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-Aside
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
2004	38,802	7,810	45,068	45,293	77,147	88,114
2005	126,302	4,437	36,242	21,520	61,637	119,002

Source: Finance Department

Oxnard Community Development Commission

*TABLE III
Rental Income
Last Ten Fiscal Years*

<u>Fiscal Year</u>	<u>Central City Revitalization Project Area</u>
1996	440,370
1997	375,163
1998	320,892
1999	191,923
2000	165,434
2001	37,045
2002	176,843
2003	206,339
2004	65,000
2005	2,651

Source: Finance Department

Oxnard Community Development Commission

TABLE IV
Salaries and Administrative Costs
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwinds Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-Aside
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
2004	1,039,886	34,609	257,316	1,848,159	2,650,590	509,962
2005	1,021,426	93,467	441,377	1,579,409	1,644,968	517,542

Source: Finance Department

Oxnard Community Development Commission

*TABLE V
Professional Services
Last Ten Fiscal Years*

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwinds Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-Aside
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	187,729	—	10,810	51,520	—	—
2004	286,729	383	11,149	100,592	53,750	178,666
2005	143,561	7,435	10,701	67,374	38,896	22,573

Source: Finance Department

Oxnard Community Development Commission

TABLE VI
Project Improvement Costs
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwinds Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-Aside
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
2004	985,035	—	53,761	27,129	65,103	275,942
2005	423,595	—	90,310	—	126,068	288,514

Source: Finance Department

Oxnard Community Development Commission

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

<u>Fiscal Year</u>	<u>Housing Set-Aside</u>
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
2004	1,898,546
2005	2,324,006

Source: Finance Department

Oxnard Community Development Commission

TABLE VIII
Miscellaneous Revenue
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwinds Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-Aside
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
2004	427,004	—	—	2,000	67,200	39,403
2005	374,198	—	—	12	89,600	175,045

Source: Finance Department

Oxnard Community Development Commission

TABLE IX
Operating Transfers Out
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwinds Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Housing Set-aside
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)	—	—
2004	(624,500)	(29,977)	(145,769)	(549,318)	(548,982)	—
2005	(704,734)	(33,244)	(197,056)	(548,669)	(840,303)	(307,840)

Source: Annual Financial Reports

Oxnard Community Development Commission

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		
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
2004	2,051,084	2,311,650	18,610,209	(14,225,560)	4,124,083	8,216,409
2005	2,696,823	1,588,582	700,000	(704,734)	1,103,607	9,320,016

Source: Annual Financial Reports

Oxnard Community Development Commission

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
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
2004	157,696	34,992	(29,977)	92,727	306,452
2005	170,658	100,902	(33,244)	36,512	342,964

Source: Annual Financial Reports

Oxnard Community Development Commission

TABLE XII
Southwinds Project Area Operating Statement
Last Ten Fiscal Years

Fiscal Year	Revenues	Expenditures	Other Financing (Uses)	Net Change to Fund Balance	Fund Balance
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
2004	773,916	322,226	(145,769)	305,921	1,353,184
2005	960,762	542,387	(197,056)	221,319	1,574,503

Source: Annual Financial Reports

Oxnard Community Development Commission

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

Fiscal Year	Revenues	Expenditures	Other Financing		Net Change to Fund Balance	Fund Balance
			Sources	Uses		
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
2004	2,470,102	1,975,880	—	(549,318)	(55,096)	188,989
2005	2,348,180	1,646,783	—	(548,669)	152,728	341,717

Source: Annual Financial Reports

Oxnard Community Development Commission

TABLE XIV
HERO Project Area Operating Statement
Last Ten Fiscal Years

Fiscal Year	Revenues	Expenditures	Other Financing		Net Change to Fund Balance	Fund Balance
			Sources	Uses		
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
2004	2,968,644	2,769,443	—	(548,982)	(349,781)	1,855,814
2005	4,352,764	1,809,932	—	(840,303)	1,702,529	3,558,343

Source: Annual Financial Reports

Oxnard Community Development Commission

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
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
2003	97,811	2,863,408	770,680	(1,994,917)	3,319,417
2004	127,517	964,570	1,898,546	1,061,493	4,380,910
2005	294,047	828,629	2,324,006	(307,840)	5,862,494

Source: Annual Financial Reports

Oxnard Community Development Commission

TABLE XVI
Tax Increment Pass-through
Last Ten Fiscal Years

Fiscal Year	Central City Revitalization Project Area	Downtown Renewal Project Area	Southwinds Project Area	Ormond Beach Project Area	Historical Enhancement & Revitalization of Oxnard Project Area	Total
1996	—	—	—	—	—	—
1997	—	—	—	—	—	—
1998	—	—	—	—	—	—
1999	—	—	—	498,365	—	498,365
2000	—	—	—	443,466	245,009	688,475
2001	—	—	—	747,457	195,960	943,417
2002	—	—	—	792,713	—	—
2003	25,384	—	—	716,624	211,084	953,092
2004	47,248	—	—	1,301,646	488,744	1,837,638
2005	89,005	—	—	1,289,009	756,715	2,134,729

Source: Annual Financial Reports

CONTINUING DISCLOSURE

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

NO LITIGATION

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

CERTAIN LEGAL MATTERS

Goodwin Procter LLP, Los Angeles, California, Bond Counsel, will render an opinion with respect to the Bonds in substantially the form set forth in Appendix C attached hereto. Copies of such opinion will be furnished to the Underwriter and the Authority at the time of delivery of the Bonds. Certain legal matters will be passed upon for the City, the Authority, and the Commission by the City Attorney and by Goodwin Procter LLP, Los Angeles, California, serving as Bond Counsel or as Disclosure Counsel.

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 of statutes and other documents contained in this Official Statement do not purport to be complete and reference is made to such statutes and documents for full and complete statements of their provisions.

The preparation and distribution of this Official Statement have been authorized by the Authority.

CITY OF OXNARD FINANCING AUTHORITY

By: *Susan M. Winder*
Acting Controller