

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

\$11,790,000

**OXNARD COMMUNITY DEVELOPMENT COMMISSION
Historic Enhancement and Revitalization of Oxnard (HERO) Project Area
Tax Allocation Bonds, Series 2008**

Dated: Date of Delivery**Due: September 1, as shown below**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2008 (the "Bonds"), are being issued in the aggregate principal amount of \$11,790,000 by the Oxnard Community Development Commission (the "Commission") pursuant to the California Constitution and under authority granted to the Commission by the California Community Redevelopment Law, constituting Part 1 and Part 1.7 of Division 24 of the California Health and Safety Code, as amended, Resolution No. 124, adopted by the Commission on April 22, 2008, and the provisions of an Indenture of Trust, dated as of June 1, 2008 (the "Indenture"), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the "Trustee").

Proceeds of the Bonds will be used (i) to finance redevelopment activities within the Project Area (as defined herein), including the construction of a portion of a parking structure and related improvements, (ii) to fund a reserve fund established for the Bonds, and (iii) to pay issuance costs associated with the issuance and sale of the Bonds. See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS," "SECURITY FOR THE BONDS," and "THE PROJECT AREA."

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

Payments of principal of and interest on the Bonds will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of the Bonds as described herein. Interest on the Bonds is payable semiannually on each March 1 and September 1, commencing September 1, 2008, until the maturity or the earlier redemption thereof. Principal and any redemption premiums with respect to each Bond will be paid upon surrender of such Bond at the principal corporate trust office of the Trustee upon maturity or the earlier redemption thereof.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by FINANCIAL SECURITY ASSURANCE INC.



THE BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM AND SECURED SOLELY BY THE AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE, WHICH AMOUNTS ARE COMPRISED OF TAX REVENUES AND MONEYS HELD IN CERTAIN OF THE FUNDS ESTABLISHED UNDER THE INDENTURE. NEITHER THE BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE REPRESENT DEBTS OF THE CITY, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE COMMISSION), AND NONE OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE COMMISSION) IS LIABLE FOR THE BONDS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE COMMISSION NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

[SEE MATURITY SCHEDULE ON INSIDE COVER]

The Bonds are offered when, as, and if delivered to and received by the Underwriter, subject to the approval of legality by Goodwin Procter LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Commission by the City Attorney, acting as General Counsel to the Commission, and by Disclosure Counsel, Goodwin Procter LLP, Los Angeles, California. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York, on or about July 1, 2008.



MATURITY SCHEDULE

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ No.</u>	<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ No.</u>
2009	\$170,000	4.000%	1.950%	691869 AA9	2019	\$255,000	4.000%	4.130%	691869 AL5
2010	175,000	4.000	2.500	691869 AB7	2020	270,000	4.000	4.250	691869 AM3
2011	185,000	4.000	2.900	691869 AC5	2021	275,000	4.200	4.370	691869 AN1
2012	190,000	4.000	3.150	691869 AD3	2022	290,000	4.300	4.460	691869 AP6
2013	200,000	4.000	3.300	691869 AE1	2023	295,000	4.400	4.520	691869 AQ4
2014	215,000	4.000	3.450	691869 AF8	2024	315,000	4.450	4.580	691869 AR2
2015	215,000	4.000	3.600	691869 AG6	2025	330,000	4.500	4.640	691869 AS0
2016	220,000	5.000	3.750	691869 AH4	2026	350,000	4.500	4.700	691869 AT8
2017	235,000	4.000	3.900	691869 AJ0	2027	350,000	4.500	4.750	691869 AU5
2018	240,000	5.000	4.000	691869 AK7	2028	370,000	4.600	4.800	691869 AV3

\$2,165,000 5.000% Term Bonds due September 1, 2033 Yield 4.860% ⁽²⁾ CUSIP⁽¹⁾ No. 691869 AW1

\$4,480,000 4.750% Term Bonds due September 1, 2038 Yield 4.980% CUSIP⁽¹⁾ No. 691869 AX9

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(2) Priced to optional redemption date of September 1, 2018; callable at par.

OXNARD COMMUNITY DEVELOPMENT COMMISSION

COMMISSION AND CITY COUNCIL

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

COMMISSION AND CITY STAFF

Edmund F. Sotelo, City Manager and Executive Director and Secretary of Commission
Gary L. Gillig, City Attorney and General Counsel of the Commission
Dale Belcher, City and Commission Treasurer
James Cameron, Chief Financial Officer
Curtis Cannon, Community Development Director
Brian Pendleton, Redevelopment Services Manager
Kymberly Horner, Redevelopment Analyst
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Beth Vo, Financial Analyst III

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Fiscal Consultant

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Diamond Bar, California

No dealer, broker, salesperson, or other person has been authorized by the Commission 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 upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

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

The information set forth in this Official Statement has been obtained from the Commission 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 Commission. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Commission or the City of Oxnard, California, since the date hereof.

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

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Other than with respect to information concerning Financial Security Assurance Inc. (the “Bond Insurer”) contained under the caption “BOND INSURANCE” and “APPENDIX F – SPECIMEN BOND INSURANCE POLICY” herein, 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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\$11,790,000
OXNARD COMMUNITY DEVELOPMENT COMMISSION
Historic Enhancement and Revitalization of Oxnard (HERO) Project Area
Tax Allocation Bonds, Series 2008

INTRODUCTION

This Official Statement, which includes the cover page, Table of Contents, and Appendices (the “Official Statement”), provides certain information concerning the issuance of the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2008 (the “Bond”), in an aggregate principal amount of \$11,790,000. 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 THE INDENTURE – Selected Definitions.”

Authorization

The Bonds are being issued by the Oxnard Community Development Commission, a public body corporate and politic (the “Commission”), duly organized and existing under the California Community Redevelopment Law (Part 1 and Part 1.7 of Division 24 of the California Health and Safety Code, commencing with Section 33000) (the “Redevelopment Law”). The Commission is successor-in-interest to the Redevelopment Agency of the City of Oxnard (the “Agency”), a redevelopment agency that was formed and formerly existed under the Redevelopment Law. The Commission is issuing the Bonds pursuant to the Redevelopment Law, Resolution No. 124, adopted by the Commission on April 22, 2008 (the “Bond Resolution”), and the provisions of an Indenture of Trust, dated as of June 1, 2008 (the “Indenture”), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the “Trustee”). Capitalized terms used within this Official Statement not otherwise defined herein shall have the meanings set forth in the Indenture. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Selected Definitions.”

Purpose of Issuance

The proceeds of the Bonds will be used (i) to finance redevelopment activities within the Project Area (as defined herein), including the construction of a portion of the Facilities (as defined herein), (ii) to fund a reserve fund established for the Bonds, and (iii) to pay issuance costs associated with the issuance and sale of the Bonds. See “ESTIMATED SOURCES AND USES OF BOND PROCEEDS,” “THE PROJECT AREA,” and “FACILITIES TO BE FINANCED WITH BOND PROCEEDS.”

Registration, Maturity, and Payment of Bonds

The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, which will act as securities depository for the Bonds. The Bonds will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the cover page hereof. See “THE BONDS – Authorization and Registration of Bonds” and “– Book-Entry Only System.”

Interest on the Bonds is payable semiannually on March 1 and September 1, commencing September 1, 2008, until the maturity or earlier redemption thereof, and will be paid by check, mailed by first class mail to the registered owners thereof as of the applicable Record Date; provided, however, that any registered owner of \$1,000,000 or more in aggregate principal amount of Bonds may request in writing payment of such interest by wire transfer in immediately available funds to a designated account. Principal and any redemption premium with respect to each Bond will be paid upon surrender of such Bond at the principal corporate trust office of the Trustee in Los Angeles, California (the “Corporate Trust Office of the Trustee”), upon the maturity or earlier redemption thereof. See “THE BONDS – Description of the Bonds.”

Redemption of the Bonds

Optional Redemption. Bonds maturing on or before September 1, 2018, are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, 2019, shall be subject to redemption as a whole or in part, as determined by the Commission and by lot within a maturity, at the option of the Commission, on any date on or after September 1, 2018, without premium, from any available source of funds. See “THE BONDS – Redemption Provisions – Optional Redemption.”

Mandatory Sinking Account Redemption. The Bonds maturing on September 1, 2033 (the “2033 Term Bonds”), are subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments made by the Commission on each September 1, commencing September 1, 2029, at the principal thereof plus accrued interest thereon to the date fixed for redemption, without premium. The Bonds maturing on September 1, 2038 (the “2038 Term Bonds” and, together with the 2033 Term Bonds, the “Term Bonds”), are subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking account payments made by the Commission on each September 1, commencing September 1, 2034, at the principal thereof plus accrued interest thereon to the date fixed for redemption, without premium. Pursuant to the Indenture, the Commission may purchase Term Bonds in lieu of such mandatory sinking account redemption at a public or private sale, when and at such prices (including brokerage and other charges and including accrued interest) as the Commission may in its discretion determine; provided, however, that the principal amount of any Bonds so purchased by the Commission and surrendered to the Trustee in any twelve-month period ending on September 1 in any year shall be credited towards and shall reduce the par amount of the Bonds otherwise required to be redeemed following September 1 of such year pursuant to the Indenture. See “THE BONDS – Redemption Provisions – Mandatory Sinking Account Redemption” and “– Purchase of Bonds in Lieu of Mandatory Redemption.”

Security for the Bonds

The Bonds and all Parity Debt are equally secured by a first pledge of and lien on all of the Tax Revenues (as defined herein) and all of the moneys in the Special Fund (as such fund is defined in the Indenture), and the Bonds shall be equally secured by a first and exclusive pledge of and lien upon all of the moneys in the Debt Service Fund and the Reserve Fund (as such funds are established under and defined in the Indenture), without preference or priority for series, issue, number, dated date, sale date,

date of execution, or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Commission shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. See “SECURITY FOR THE BONDS” herein.

On January 5, 2007, the Commission issued \$11,490,000 aggregate principal amount of its Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2006 (the “2006 Tax Allocation Bonds”), which 2006 Tax Allocation Bonds are secured by and payable from Tax Revenues on a parity with the Bonds and therefore constitute Parity Debt. The Commission may, by Supplemental Indenture, issue or incur additional Parity Debt payable from Tax Revenues on a parity with the Bonds to finance redevelopment activities within the Project Area in such principal amount as shall be determined by the Commission. In addition, notwithstanding the funds that are pledged pursuant to the Indenture, Owners of the Bonds are not guaranteed that sufficient Tax Revenues will be available to pay the Bonds. See “SECURITY FOR THE BONDS” and “RISK FACTORS – Parity Debt.”

Bond Insurance

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the “Bond Insurance Policy”) to be issued concurrently with the delivery of the Bonds by Financial Security Assurance Inc. (the “Bond Insurer”). See “BOND INSURANCE.”

The Project Area

The City Council of the City of Oxnard (the “City Council”) approved the original redevelopment plan for the Project Area pursuant to Ordinance No. 2462, adopted April 7, 1998, and amended such 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 “Redevelopment Plan”). In addition to adopting the Redevelopment Plan, Ordinance No. 2653 approved the addition of 84.52 acres (the “Added Area”) to the original approximately 2,117 acres in the Project Area (the “Original Project Area”). The Original Project Area and the Added Area are collectively referred to herein as the “Project Area.”

The Project Area is comprised of a number of non-contiguous parcels located in the north, south, east, and west areas of the City of Oxnard, California (the “City”), covering approximately 2,202 acres. All real property in the Project Area that is owned or acquired by the Commission is subject to the controls and restrictions of the Redevelopment Plan. The Redevelopment Plan requires that new construction shall comply with all applicable statutes of the State of California (the “State”) and local laws and codes in effect from time to time. In addition to applicable codes, ordinances, or other requirements governing development in the Project Area, additional specific performance and development standards may be adopted by the Commission to control and direct redevelopment activities in the Project Area. No new improvement shall be constructed in the Project Area, and no existing improvements therein shall be substantially modified, altered, repaired, or rehabilitated, except in accordance with the Redevelopment Plan and with the development and design controls contained therein or imposed in accordance therewith. In addition, notwithstanding the redevelopment activities undertaken in connection with the Redevelopment Plan, the total number of buildings and the total number of dwelling units in the Project Area may not exceed the limitations imposed on buildings and dwelling units under the City’s General Plan. See “THE PROJECT AREA.”

Continuing Disclosure

In connection with the issuance of the Bonds, the Commission will covenant in a continuing disclosure agreement (the “Continuing Disclosure Agreement”), executed for the benefit of the Owners by and between the Commission and Wells Fargo Bank, National Association, acting as dissemination agent, to provide certain financial information and operating data relating to the Commission and the Project and notices of certain events, if material. See “CONTINUING DISCLOSURE” and “APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT.”

Limited Obligations

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

Forward-Looking Statements

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

References Qualified

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

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

Sources of Funds

Principal Amount of Bonds	\$11,790,000.00
Less: Net Original Issue Discount	(116,979.25)
Less: Underwriter's Discount	<u>(141,480.00)</u>
Total Sources of Funds	\$11,531,540.75

Uses of Funds

Costs of Issuance Fund ⁽¹⁾	\$ 672,549.92
Redevelopment Fund ⁽²⁾	9,900,000.00
Reserve Fund	<u>958,990.83</u>
Total Uses of Funds	\$11,531,540.75

- (1) Moneys in the Costs of Issuance Fund will be used to pay costs of issuance with respect to the Bonds, including Bond Counsel, Disclosure Counsel, Fiscal Consultant, Trustee fees, and the premium for the Bond Insurance Policy, as well as printing and other costs.
- (2) Moneys in the Redevelopment Fund will be used to pay for redevelopment activities in the Project Area as described herein. See "THE PROJECT AREA."

THE BONDS

Authority for Issuance; Limited Obligations

The Bonds are issued pursuant to the California Constitution and under authority granted to the Commission by the Redevelopment Law, the Bond Resolution, and the provisions of the Indenture. The Bonds are limited obligations of the Commission payable solely from and secured solely by the amounts pledged therefor under the Indenture, which amounts are comprised of Tax Revenues and moneys held in certain of the funds established under the Indenture. Neither the Bonds nor the obligations of the Commission under the Indenture are a debt of the City, the State, or any political subdivision of the State (other than the Commission), and none of the City, the State, or any political subdivision of the State (other than the Commission) is liable for the Bonds. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Commission nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance. The Commission has no taxing power. For a discussion of some of the risks associated with the purchase of the Bonds, see "RISK FACTORS." See also "SECURITY FOR THE BONDS" and "LIMITATIONS ON TAX REVENUES."

Description of the Bonds

The Bonds are being issued in an aggregate principal amount of \$11,790,000 in denominations of \$5,000 each or integral multiples thereof and will be dated the date of their original issuance. Subject to a possible redemption prior to maturity as provided in the Indenture, the Bonds will mature on the respective dates and bear interest in the respective amounts set forth on the cover page hereof. Interest is payable semiannually on each March 1 and September 1, commencing September 1, 2008.

The Bonds will be issued in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases of Bonds 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. Payments of principal of and interest on the Bonds will be made by the Trustee to DTC, which will in

turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of the Bonds as described herein. See “THE BONDS – Book-Entry Only System” herein.

Redemption Provisions

Optional Redemption. Bonds maturing on or before September 1, 2018, are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, 2019, shall be subject to redemption as a whole or in part, as determined by the Commission and by lot within a maturity, at the option of the Commission, on any date on or after September 1, 2018, without premium, from any available source of funds.

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

Mandatory Sinking Account Redemption. The Term Bonds maturing on September 1, 2033, are subject to mandatory redemption (or purchase in lieu of such redemption, as described below), in part by lot, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium, in the aggregate principal amounts and on the dates as set forth in the following table:

Redemption Date (September 1)	Principal Amount To Be Redeemed or Purchased
2029	\$395,000
2030	415,000
2031	430,000
2032	445,000
2033 (maturity)	480,000

The Term Bonds maturing on September 1, 2038, are subject to mandatory redemption (or purchase in lieu of such redemption, as described below), in part by lot, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium, in the aggregate principal amounts and on the dates as set forth in the following table:

Redemption Date (September 1)	Principal Amount To Be Redeemed or Purchased
2034	\$ 500,000
2035	555,000
2036	640,000
2037	1,360,000
2038 (maturity)	1,425,000

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

Purchase in Lieu of Mandatory Redemption. In lieu of the mandatory sinking account redemption of Term Bonds as described above, amounts on deposit in the Debt Service Fund as sinking account payments may also be used and withdrawn by the Trustee, at the written direction of the

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

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

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

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

Book-Entry Only System

The following information regarding DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the Commission, and the Commission shall not have any liability with respect thereto. The Commission shall not 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 will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate amount of such maturity, and will be deposited with DTC.

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 Participations") 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 Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets 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 Dealer, 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"). DTC has Standard & Poor's highest rating: AAA. The DTC files 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 www.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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor 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 Commission as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

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

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COMMISSION BELIEVES TO BE RELIABLE, BUT THE COMMISSION TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. THE COMMISSION GIVES NO ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS TO DTC PARTICIPANTS OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE BONDS RECEIVED BY DTC OR ITS NOMINEES AS THE REGISTERED OWNER, ANY REDEMPTION NOTICES, OR OTHER NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

DEBT SERVICE SCHEDULE

Date (September 1)	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008		\$ 90,472.92	\$ 90,472.92
2009	\$ 170,000.00	542,837.50	712,837.50
2010	175,000.00	536,037.50	711,037.50
2011	185,000.00	529,037.50	714,037.50
2012	190,000.00	521,637.50	711,637.50
2013	200,000.00	514,037.50	714,037.50
2014	215,000.00	506,037.50	721,037.50
2015	215,000.00	497,437.50	712,437.50
2016	220,000.00	488,837.50	708,837.50
2017	235,000.00	477,837.50	712,837.50
2018	240,000.00	468,437.50	708,437.50
2019	255,000.00	456,437.50	711,437.50
2020	270,000.00	446,237.50	716,237.50
2021	275,000.00	435,437.50	710,437.50
2022	290,000.00	423,887.50	713,887.50
2023	295,000.00	411,417.50	706,417.50
2024	315,000.00	398,437.50	713,437.50
2025	330,000.00	384,420.00	714,420.00
2026	350,000.00	369,570.00	719,570.00
2027	350,000.00	353,820.00	703,820.00
2028	370,000.00	338,070.00	708,070.00
2029	395,000.00	321,050.00	716,050.00
2030	415,000.00	301,300.00	716,300.00
2031	430,000.00	280,550.00	710,550.00
2032	445,000.00	259,050.00	704,050.00
2033	480,000.00	236,800.00	716,800.00
2034	500,000.00	212,800.00	712,800.00
2035	555,000.00	189,050.00	744,050.00
2036	640,000.00	162,687.50	802,687.50
2037	1,360,000.00	132,287.50	1,492,287.50
2038	<u>1,425,000.00</u>	<u>67,687.50</u>	<u>1,492,687.50</u>
Totals	\$11,790,000.00	\$11,353,645.42	\$23,143,645.42

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

SECURITY FOR THE BONDS

The Bonds are Limited Obligations

THE BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM AND SECURED SOLELY BY THE AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE, WHICH AMOUNTS ARE COMPRISED OF TAX REVENUES AND MONEYS HELD IN CERTAIN OF THE FUNDS ESTABLISHED UNDER THE INDENTURE. NEITHER THE BONDS NOR THE OBLIGATIONS OF THE COMMISSION UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE COMMISSION) AND NONE OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE (OTHER THAN THE COMMISSION) IS LIABLE FOR THE BONDS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE COMMISSION NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE. THE COMMISSION HAS NO TAXING POWER.

Tax Revenues

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

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

(a) that portion of taxes levied on 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 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 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 such Parity Debt.

Tax Revenues do not include any payments made pursuant to any existing pass-through agreements entered into with any 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 Indenture as the limitations contained in the redevelopment plan for the Project Area (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 expiration date of the Redevelopment Plan, and (iii) the period of time for establishing, incurring, or repaying indebtedness payable from taxes that may be divided and allocated to the Commission pursuant to the Redevelopment Plan. See “LIMITATIONS ON TAX REVENUES – Redevelopment Plan Limitations.”

Allocation and Application of Tax Revenues. As provided in the Redevelopment Plan 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 Project Area each year by or for the benefit of the State, cities, counties, districts, or other public corporations (collectively, the “Taxing Agencies”), for fiscal years beginning after the effective date of the Redevelopment Plan, will be divided as follows:

1. **To Taxing Agencies:** The portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of the Taxing Agencies 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 Bonds.

Pursuant to the Indenture, the Commission will deposit all of the Tax Revenues received in any Bond Year (as defined below) in the Special Fund promptly upon receipt thereof by the Commission, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required (i) to be transferred to the Trustee for deposit into the Debt Service Fund in such Bond Year pursuant to the Indenture and (ii) to be transferred to the Trustee or such other applicable entity for deposit in the funds and accounts established with respect to any applicable Parity Debt (including, without limitation, the 2006 Tax Allocation Bonds) and as provided in any Supplemental Indenture (as such term is defined in the Indenture). The term “Bond Year” is defined in the Indenture as the period of 12 consecutive months commencing on September 2 and ending on September 1 in any year during which the Bonds are or will be outstanding; provided, however, that the first Bond Year shall commence on the date of issuance of the Bonds and end on September 1, 2008, and that the final Bond Year shall end on the date on which the Bonds are fully paid or redeemed.

All Tax Revenues received by the Commission during any Bond Year in excess of the amount required to be deposited in the Special Fund during such Bond Year as described in the preceding paragraph shall be released from the pledge and lien under the Indenture for the security of the Bonds and may be applied by the Commission for any lawful purposes of the Commission, including, without limitation, the payment of Subordinate Debt or any amounts due and owing to the United States of America pursuant to the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds, the 2006 Tax Allocation Bonds, and any other Parity Debt, and the payment in full of all other amounts payable under the Indenture and under any Supplemental

Indenture, the Commission shall not have any beneficial right or interest in the moneys on deposit in the Special Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Limitations on Tax Revenues. The Commission has no power to levy and collect property taxes. The amount of Tax Revenues that would otherwise be available to pay the Commission's obligations, including the principal of, premium, if any, and interest on the Bonds, could be reduced by (i) any property tax limitation, legislative measure, voter initiative, or provisions of additional sources of income to Taxing Agencies that have the effect of reducing the property tax rate, (ii) broadened property tax exemptions, or (iii) changes in economic conditions within the Project Area. See "LIMITATIONS ON TAX REVENUES" and "RISK FACTORS" herein.

Reserve Fund

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

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

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

deposits then required to be made pursuant to the Indenture, or (ii) if the Commission shall have caused to be deposited in the Debt Service Fund an amount sufficient to make the deposits required by the Indenture, then the Trustee shall transfer the remaining amount to the Commission.

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

Issuance of Parity Debt

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

(a) The Commission shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures related thereto, and (i) no Event of Default (or any event that, once all notice or grace periods have passed, would constitute an Event of Default) shall exist and (ii) the Reserve Fund shall be full funded at the Reserve Requirement for the Bonds (exclusive of such Parity Debt to be issued under the Indenture), in either case, unless otherwise permitted by the Bond Insurer;

(b) The Tax Revenues estimated to be received by the Commission for the then current fiscal year based on the most recent assessed valuation of property in the Project Area (excluding taxes attributable to a tax rate levied by a Taxing Agency after January 1, 1989, for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of and interest on any bonded indebtedness of such Taxing Agency), as evidenced in written documentation from an appropriate official of the County, plus, at the option of the Commission, Additional Revenues, shall be at least equal to 150% of Maximum Annual Debt Service on all of the Bonds and Parity Debt that will be outstanding immediately following the issuance of such Parity Debt;

(c) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide that interest thereon shall be payable on March 1 and September 1, and principal thereof shall be payable on March 1 or September 1 in any year in which principal is payable;

(d) The Supplemental Indenture providing for the issuance of such Parity Debt shall provide for the deposit into a reserve account for such Parity Debt of the full amount of the Reserve Requirement for such Parity Debt (which may be maintained in whole or in part in the form of an irrevocable, unconditional letter of credit, 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 outstanding Bonds and Parity Debt coming due and payable following the issuance of such Parity Debt shall not exceed any of the Plan Limitations applicable to the Tax Revenues to be allocated and paid to the Commission following the issuance of such Parity Debt; and

(f) The Commission shall deliver to the Trustee a Certificate of the Commission certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

In addition, on January 5, 2007, the Commission issued \$11,490,000 aggregate principal amount of its 2006 Tax Allocation Bonds, which 2006 Tax Allocation Bonds are secured by and payable from Tax Revenues on a parity with the Bonds and therefore constitute Parity Debt. See “THE PROJECT AREA – Projected Tax Revenues and Debt Service Coverage.”

Issuance of Subordinate Debt

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

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

(b) If, and to the extent, such Subordinate Debt is payable from Tax Revenues within the Plan Limitations, then all outstanding Bonds, Parity Debt, and all Subordinate Debt coming due and payable following the issuance of such Subordinate Debt shall not exceed any of the Plan Limitations applicable to the Tax Revenues to be allocated and paid to the Commission following the issuance of such Subordinate Debt; and

(c) The Commission shall deliver to the Trustee a Certificate of the Commission certifying that the conditions precedent to the issuance of such Subordinate Debt set forth above have been satisfied.

BOND INSURANCE

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

Bond Insurance Policy

Concurrently with the issuance of the Bonds, the Bond Insurer will issue its Bond Insurance Policy for the Bonds. The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Bond Insurance Policy included as Appendix F to this Official Statement.

The Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

Financial Security Assurance Inc.

The Bond Insurer is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. (“Holdings”). Holdings is an indirect

subsidiary of Dexia, S.A., a publicly held Belgian corporation, and of Dexia Credit Local, a direct wholly-owned subsidiary of Dexia, S.A. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking, and asset management in France, Belgium, and other European countries. No shareholder of Holdings or the Bond Insurer is liable for the obligations of the Bond Insurer.

At March 31, 2008, the Bond Insurer's consolidated policyholders' surplus and contingency reserves were approximately \$3,012,872,486 and its total net unearned premium reserve was approximately \$2,419,501,630 in accordance with statutory accounting principles. At March 31, 2008, the Bond Insurer's consolidated shareholder's equity was approximately \$3,053,752,711 and its total net unearned premium reserve was approximately \$1,882,057,335 in accordance with generally accepted accounting principles.

The consolidated financial statements of the Bond Insurer included in, or as exhibits to, the annual and quarterly reports filed after December 31, 2007 by Holdings with the Securities and Exchange Commission are hereby incorporated by reference into this Official Statement. All financial statements of the Bond Insurer included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 after the date of this Official Statement and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc., 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

The Bond Insurance Policy does not protect investors against changes in market value of the Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings, or other causes. The Bond Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds. The Bond Insurer makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that the Bond Insurer has provided to the Commission the information presented under this caption for inclusion in the Official Statement.

THE PROJECT AREA

The Redevelopment Plan

The City Council approved the Redevelopment Plan pursuant to Ordinance No. 2462, adopted April 7, 1998, and amended the Redevelopment Plan on February 3, 2004, pursuant to Ordinance No. 2645. Pursuant to Ordinance No. 2653, adopted March 23, 2004, the City Council approved an amendment to the Redevelopment Plan that added the approximately 84.52 acres of the Added Area to the approximately 2,117 acres in the Original Project Area. The Redevelopment Plan is currently effective (i) with respect to the Original Project Area, until April 7, 2029, which date is 31 years after the date of original adoption of the Redevelopment Plan, and (ii) with respect to the Added Area, until March 23, 2034, which date is 30 years after the date of adoption of the Redevelopment Plan amendment that incorporated the Added Area into the Project Area. Pursuant to the Redevelopment Plan, (i) the last date on which the Commission may repay indebtedness with tax increment generated within the original portion of the Project Area is April 7, 2044, which date is 46 years after the date of original adoption of the Redevelopment Plan, and (ii) the last date on which the Commission may repay indebtedness with tax increment generated within the Added Area is March 23, 2049, which date is 45 years after the date of the Redevelopment Plan amendment incorporating the Added Area into the Project Area.

Description of Project Area

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

During the last 50 years, development in the 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 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 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.

A portion of the Project Area located north of the U.S. Highway 101 and west of Vineyard Avenue is being developed as a mixed-use development that will include commercial, office, retail, and residential development. Approximately 80 acres of such property, which is currently owned by Shea Properties II, LLC, a Delaware limited liability company (the "Developer"), is anticipated to be developed by the Developer, or its assignee or affiliate, as a commercial, retail, hotel, and office project (the "Mixed Use Project"). In addition, the Developer expects to purchase approximately two acres of property adjacent to the Mixed Use Project called the "Myrtle Property."

In connection with the development of the Mixed Use Project and certain other property located within the Project Area, the Commission has entered into an Owner Participation Agreement, dated as of June 12, 2001, as amended (collectively, the "RiverPark OPA"), with RiverPark A, L.L.C., a Delaware limited liability company ("RiverPark A"), and, with respect to certain amendments, other property owners, and the City has entered into a Development Agreement, dated as of August 27, 2002, as amended (collectively, the "Development Agreement"), with RiverPark A and certain other property owners. Pursuant to the Assignment and Assumption Agreement, dated as of November 30, 2007, as amended by the First Amendment to Assignment and Assumption Agreement, dated as of January 30, 2008, each by and between the Developer and RiverPark A (as amended, the "Assignment Agreement – RiverPark OPA"), and the Assignment and Assumption Agreement – Development Agreement, dated November 30, 2007, as amended by the First Amendment to and Assumption Agreement – Development Agreement, dated January 30, 2008, each by and between the Developer and RiverPark A (as amended, the "Assignment Agreement – Development Agreement" and, together with the Assignment Agreement – RiverPark OPA, the "Assignment Agreements"), RiverPark A has assigned

to the Developer all of the Commercial Property Rights and Obligations (as defined in the Assignment Agreements, as applicable), which are generally those rights and obligations material to the construction of the Facilities and the Mixed Use Project; provided, however, that RiverPark A has retained certain obligations under the Assignment Agreements, including the obligation to complete various median, intersection signal, and landscaping improvements related to Oxnard Boulevard and Town Center Drive, which improvements are not part of the Facilities (the “Retained Obligations”). Performance of the Retained Obligations is expected to be coordinated with construction and completion of the Facilities. Pursuant to the RiverPark OPA, the Commission has agreed, among other things, to provide \$12,000,000 toward the cost of constructing the Facilities that are required as a condition of approval of the development of certain phases, or the full build-out, of the Mixed Use Project, as applicable. The issuance of the Bonds and payment of approximately \$9,900,000 of net Bond proceeds and approximately \$2,100,000 of Tax Revenues available to the Commission and set aside in a special bank account for such purpose toward the costs of the Facilities will satisfy such requirement. See “FACILITIES TO BE FINANCED WITH BOND PROCEEDS – The Developer and the Mixed Use Project.”

Land Use in Project Area

The Project Area is primarily zoned for residential uses, but also includes sizeable commercial and industrial components. There are currently 90 vacant parcels in the Project Area. The following table summarizes current land use in the Project Area, including the number of acres for each type of land use and the assessed value of such acres for fiscal year 2007-08.

Table 1
Summary of Land Use in Project Area
Fiscal Year 2007-08

<u>Category</u> ⁽¹⁾	<u>Number of Parcels</u>	<u>Net Taxable Value</u>	<u>Percentage of Total Taxable Value</u>
Residential	2,399	\$ 651,037,567	41.64%
Commercial	352	507,422,311	32.45
Industrial	166	198,515,723	12.70
Irrigated	2	416,047	0.03
Recreational	11	7,814,433	0.50
Institutional	26	8,914,866	0.57
Government	2	11,063,442	0.71
Miscellaneous	32	4,545,444	0.29
Vacant Land	90	66,173,395	4.23
Exempt	118	0	0.00
Subtotal	3,198	\$1,455,903,228	93.12%
SBE Non Unitary	(2)	146,391	0.01%
Unsecured	(2)	107,470,716	6.87
Subtotal		\$ 107,617,107	6.88%
Totals		\$1,563,520,335	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 Project Area

The base year for the approximately 2,117 acres in the Original Project Area is fiscal year 1997-98, and the base year for the approximately 84.52 acres in the Added Area is fiscal year 2005-06. The collection of Tax Revenues was initially inhibited due to the inadvertent inclusion by the County Assessor of 362 parcels within the 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 Tax Revenues from the Commission until the overpayment was recovered. The recovery was completed in January 2004, and the Commission has received allocations of 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 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 Project Area during such period. Assessed values of property within the 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 Project Area, and approximately \$63,300,000 (6.41%) was attributable to growth within the Added Area. The 2006-07 tax roll indicated an increase in assessed value of the property within the 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 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. Secured values within the Project Area for fiscal year 2007-08 have risen by \$202,552,160 (16.16%) over the Project Area's 2006-07 secured values. Such increase in secured value is attributable to increases in both land and improvement values. Most of such increase is related to sales of new homes and transfers of ownership within the Mixed Use Project. Unsecured values declined by \$11,903,084 (9.97%). Approximately 61% of such unsecured value decline was in improvement values and 39% occurred in personal property values. Since unsecured values account for only 6.87% of the Project Area's total assessed value, such decline does not appear to be a significant concern to the Project Area's overall revenue.

The following table sets forth the actual assessed values for the Project Area for fiscal years 1999-00 through 2007-08.

Table 2
Assessed Values for Project Area
Fiscal Years 1999-00 through 2007-08

<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
2007-08 ⁽¹⁾	1,456,049,619	107,470,716	1,563,520,335

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

Assessment Appeals

Among the major taxpayers in the Project Area, several filed assessment appeals. The Project Area's largest taxpayer, Centro Watt Prop Owner 1 LLC, filed appeals on three of the properties it owns seeking to reduce the 2006-07 assessed values. The Project Area's third largest taxpayer, RiverPark A LLC filed appeals seeking reduction of its 2006-07 assessed values on eight of its 33 parcels. All appeals filed by Centro Watt were withdrawn on October 15, 2007 and no appeals were filed on their 2007-08 valuations. All appeals filed by RiverPark A LLC were withdrawn on May 18, 2007. RiverPark A LLC has filed no assessment appeals on their 2007-08 valuations.

EF Oxnard LLC and Shea RiverPark Developer LLC have each filed one assessment appeal seeking reduction of their 2006-07 assessed values and Macy's California Realty LLC has appealed its 2006-07 assessed value on two properties. Such assessment appeals are pending before the Ventura County Assessment Appeals Board (the "Assessment Appeals Board"), and are described in more detail in the following table:

Table 3
Pending Assessment Appeals Among Top 10 Taxpayers
Fiscal Year 2007-08

<u>Owner</u>	<u>Parcel No.</u>	<u>2006-07 Value</u>	<u>Owner's Opinion of Value</u>	<u>Potential Reduction in Value</u>
EF Oxnard LLC	201-0-230-150	\$35,541,854	\$20,988,000	\$14,553,854
Shea Riverpark Developer LLC	132-0-160-055	4,548,518	2,274,259	2,274,259
Macy's California Realty LLC	142-0-010-635	19,678,798	14,258,600	5,420,198
Macy's California Realty LLC	142-0-010-645	6,101,780	4,425,460	1,676,320
Total		\$65,870,950	\$41,946,319	\$23,924,631

Source: HdL Coren & Cone.

Major Taxpayers in Project Area

The combined assessed value of the property owned by the top 10 property tax payers in the Project Area for fiscal year 2007-08 is approximately \$328,004,557, which represents approximately 20.98% of the total assessed value of the Project Area for such tax year. The following table details the ranking, by assessed value, of the top 10 taxpayers in the Project Area.

Table 4
Ten Largest Property Tax Payers
in Project Area
Fiscal Year 2007-08

<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	\$ 50,072,033	3.20%	5.76%
Centex Homes	40,527,003	2.59	4.66%
RiverPark A LLC	38,350,456	2.45	4.41%
EF Oxnard LLC	36,252,691	2.32	4.17%
Oxnard Village Investment LLC	34,271,571	2.19	3.94%
Shea RiverPark Developer LLC	31,889,658	2.04	3.67%
Macy's California Realty LLC	25,761,378	1.65	2.96%
Oxnard Center Company	25,673,325	1.64	2.95%
Home Depot Development of Maryland Inc.	23,786,655	1.52	2.74%
Boskovich Farms Inc.	21,419,787	1.37	2.46%
Total	\$328,004,557	20.98% ⁽³⁾	37.72%

(1) Total assessed value in the Project Area is approximately \$1,563,520,335.

(2) Total incremental assessed value represents the assessed value of the property in the Project Area in excess of the base year assessed value of such property. The base year assessed value for the Project Area is \$694,037,986, and the 2007-08 incremental value is \$869,482,349.

(3) Total may not add due to rounding.

Source: HdL Coren & Cone.

Tax Rates in Project Area

The Project Area includes a total of 96 TRAs, of which 71 contain taxable assessed value and/or base year assessed value. Among such TRAs, there are four different secured tax rates levied for fiscal year 2007-08. These tax rates are set forth in the table below.

Table 5
2007-08 Secured Tax Rates
in Project Area

Number of Applicable TRAs	10	19	41	1
Secured Incremental Value	\$41,510,873	\$274,187,823	\$507,686,551	\$155,305
Percentage of Secured Incremental Value	5.03%	33.46%	61.49%	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	0.004500	0.004500	N/A
Oxnard Elementary School District	N/A	0.026900	N/A	0.026900
Total Applicable Secured Tax Rate	1.076637	1.108037	1.081137	1.103537

Source: HdL Coren & Cone.

The following table describes the four different unsecured tax rates applicable to the Project Area for fiscal year 2007-08. The fiscal year 2006-07 secured tax rates are the unsecured tax rates for fiscal year 2007-08. 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 in the Project Area contain unsecured assessed value. See “– Assessed Values in Project Area” above.

Table 6
2007-08 Unsecured Tax Rates
in Project Area

Number of Applicable TRAs	10	19	41	1
Unsecured Incremental Value	\$12,860	\$24,263,740	\$16,162,746	\$11,100
Percentage of Unsecured Incremental Value	0.03%	59.98%	39.96%	0.03%
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
Oxnard Elementary School District	N/A	0.028600	N/A	0.028600
Total Applicable Secured Tax Rate	1.076637	1.109937	1.081337	1.105237

Source: HdL Coren & Cone.

Redevelopment Plan Limitations

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

Table 7
Redevelopment Plan Limitations
for Project Area

<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 Project Area	April 7, 2018	April 7, 2029	April 7, 2044	None	\$360 million ⁽¹⁾
Added Area	March 23, 2024	March 23, 2034	March 23, 2049	None	

(1) This figure is the limit on bonded debt outstanding for both the Original Project Area and the Added Area combined.

Source: HdL Coren & Cone.

Tax Sharing Obligations in Project Area

Tax Sharing Obligations in Original Project Area. The 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 Project Area (the “Original Tax Revenues”) must be shared with all applicable Taxing Agencies. The portion of Original Tax Revenues that must be shared with such Taxing Agencies is determined based on three tiers, as described below. See “LIMITATIONS ON TAX REVENUES.”

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

The second tier tax sharing payment amount for the Original Project Area (the “Original Second Tier Amount”) begins in fiscal year 2009-10, which is the eleventh year after the Commission first receives Original Tax Revenues. The Original Second Tier Amount is 21% of the Original 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 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 Second Tier Amount.

The third tier tax sharing payment amount for the Original Project Area (the “Original Third Tier Amount”) begins in fiscal year 2029-30, which is the thirty-first year after the Commission first receives applicable Original Tax Revenues. The Original Third Tier Amount is 14% of the Original 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 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 Third Tier Amount.

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

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

The second tier tax sharing payment amount for the Added Area (the “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 Added Area (the “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 Bonds by all of the 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 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 requested such subordination from the affected taxing entities. The 45 day review period noted above expired on March 7, 2008. As a result of receiving such subordination authority, the tax sharing payments will be subordinate to the payment of debt service on the Bonds.

Proposed Facilities to be Financed with Bond Proceeds

The Commission intends to utilize a portion of the proceeds from the sale of the Bonds and any moneys available in the Redevelopment Fund established under the Indenture, including an amount of

Tax Revenues available to the Commission for such purpose, to finance various infrastructure improvements in the Project Area. The Commission currently expects that such improvements will be comprised primarily of the Facilities. See “FACILITIES TO BE FINANCED WITH BOND PROCEEDS.”

Historical Tax Revenues; Tax Increment Limits

The Auditor-Controller does not currently maintain records of the cumulative amount of Tax Revenues. As project areas adopted after January 1, 1994, however, the Original Project Area and the 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 Tax Revenues generated within the Project Area from fiscal year 2003-04 through fiscal year 2006-07.

Table 8
Historical Tax Revenues
in Project Area
Fiscal Years 2003-04 through 2006-07

<u>Fiscal Year</u>	<u>Total Tax Revenues</u>
2003-04	\$2,974,133
2004-05	4,452,883
2005-06	7,228,726
2006-07	8,615,318

Source: HdL Coren & Cone.

Projected Tax Revenues and Debt Service Coverage

The following table details the projected Tax Revenues for Fiscal Years 2007-08 through 2017-18, as well as the projected debt service coverage for the Bonds and the 2006 Tax Allocation Bonds for the same period. The actual Tax Revenues received during the forecast period for the Project Area may vary from the projections and the variations may be material.

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Table 9
Projected Tax Revenues and Debt Service Coverage
for Project Area
Fiscal Years 2007-08 through 2017-18
(000's omitted)

Fiscal Year:	1997-98	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<u>(Base Year)</u>												
<u>Taxable Values (1)</u>												
Real Property (2)		\$1,491,744	\$1,542,922	\$1,573,781	\$1,605,256	\$1,637,362	\$1,670,109	\$1,703,511	\$1,737,581	\$1,772,333	\$1,807,779	\$1,843,935
Personal Property (3)		<u>71,777</u>	<u>71,777</u>	<u>71,777</u>	<u>71,777</u>	<u>71,777</u>	<u>71,777</u>	<u>71,777</u>	<u>71,777</u>	<u>71,777</u>	<u>71,777</u>	<u>71,777</u>
Total Projected Value		\$1,563,520	\$1,614,699	\$1,645,557	\$1,677,033	\$1,709,138	\$1,741,885	\$1,775,288	\$1,809,358	\$1,844,109	\$1,879,556	\$1,915,712
Taxable-Value over Base	\$694,038	\$869,482	\$920,661	\$951,519	\$982,995	\$1,015,100	\$1,047,847	\$1,081,250	\$1,115,320	\$1,150,071	\$1,185,518	\$1,221,674
Gross Tax Increment Revenue (4)		9,477	10,027	10,354	10,688	11,028	11,375	11,728	12,088	12,454	12,828	13,208
Unitary Tax Revenue (5)		<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Gross Revenues		\$9,479	\$10,029	\$10,357	\$10,691	\$11,031	\$11,377	\$11,731	\$12,090	\$12,457	\$12,830	\$13,211
LESS:												
SB 2557 Admin. Fee (6)		(95)	(100)	(103)	(107)	(110)	(114)	(117)	(121)	{ 124}	(128)	(132)
Housing Set Aside Requirement (7)		(1,896)	(2,006)	(2,071)	(2,138)	(2,206)	(2,275)	(2,346)	(2,418)	(2,491)	(2,566)	(2,642)
County Collection Charge (8)		<u>(24)</u>	<u>(25)</u>	<u>(26)</u>	<u>(27)</u>	<u>(28)</u>	<u>(28)</u>	<u>(29)</u>	<u>(30)</u>	<u>(31)</u>	<u>(32)</u>	<u>(33)</u>
Tax Revenues		\$7,465	\$7,898	\$8,156	\$8,419	\$8,687	\$8,960	\$9,238	\$9,521	\$9,810	\$10,104	\$10,404
Debt Service:												
2006 Tax Allocation Bonds		\$779	\$ 781	\$ 783	\$ 780	\$ 781	\$ 777	\$ 773	\$ 778	\$ 783	\$ 782	\$ 786
2008 Tax Allocation Bonds		<u>90</u>	<u>713</u>	<u>711</u>	<u>714</u>	<u>712</u>	<u>714</u>	<u>721</u>	<u>712</u>	<u>709</u>	<u>713</u>	<u>708</u>
Total Debt Service		\$869	\$1,494	\$1,494	\$1,494	\$1,493	\$1,491	\$1,494	\$1,491	\$1,492	\$1,495	\$1,494
Debt Service Coverage		859%	529%	546%	564%	582%	601%	618%	639%	658%	676%	696%

(1) Taxable values as reported by County.

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

(3) Personal property is held constant at 2007-08 level.

(4) Projected Gross Tax Increment is based upon incremental taxable values factored against an assumed Project Area tax rate and adjusted for indebtedness approved by voters after 1988. The assumed future tax rates remain constant at \$1.081137 per \$100 of taxable value and are made without regard to the completion of the Mixed Use Project.

(5) Unitary Revenue as reported by County for 2007-08.

(6) SB 2557 Administrative cost is estimated at 1.00% 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.

Source: HdL Coren & Cone (except for the information in the rows entitled "2006 Tax Allocation Bonds," "2008 Tax Allocation Bonds," and "Debt Service Coverage," which has been provided by the Underwriter.)

The following table details the total incremental values within the Project Area and the projected Tax Revenues for Fiscal Years 2007-08 through 2037-38.

Table 10
Projected Taxable Assessed Values Within Project Area
and Projected Tax Revenues
Fiscal Years 2007-08 through 2037-38
(000's omitted)

<u>Fiscal Year</u>	<u>Projected Taxable Assessed Value</u>	<u>Projected Taxable Assessed Value Over Base (\$694,038)</u>	<u>Projected Gross Tax Revenue</u>	<u>Less: Housing Set-Aside</u>	<u>Less: SB 2557 Admin. Fee and County Collection Charges</u>	<u>Projected Total Tax Revenues</u>
2007-08	\$ 1,563,520	\$ 869,482	\$ 9,479	(\$1,896)	(\$118)	\$ 7,465
2008-09	1,614,699	920,661	10,029	(2,006)	(125)	7,898
2009-10	1,645,557	951,519	10,357	(2,071)	(129)	8,156
2010-11	1,677,033	982,995	10,691	(2,138)	(134)	8,419
2011-12	1,709,138	1,015,100	11,031	(2,206)	(138)	8,687
2012-13	1,741,885	1,047,847	11,377	(2,275)	(142)	8,960
2013-14	1,775,288	1,081,250	11,731	(2,346)	(147)	9,238
2014-15	1,809,358	1,115,320	12,090	(2,418)	(151)	9,521
2015-16	1,844,109	1,150,071	12,457	(2,491)	(156)	9,810
2016-17	1,879,556	1,185,518	12,830	(2,566)	(160)	10,104
2017-18	1,915,712	1,221,674	13,211	(2,642)	(165)	10,404
2018-19	1,952,590	1,258,552	13,609	(2,722)	(170)	10,717
2019-20	1,990,207	1,296,169	14,016	(2,803)	(175)	11,038
2020-21	2,028,575	1,334,537	14,431	(2,886)	(180)	11,364
2021-22	2,067,711	1,373,673	14,854	(2,971)	(186)	11,697
2022-23	2,107,630	1,413,592	15,285	(3,057)	(191)	12,037
2023-24	2,148,347	1,454,309	15,726	(3,145)	(196)	12,384
2024-25	2,189,878	1,495,840	16,175	(3,235)	(202)	12,738
2025-26	2,232,240	1,538,202	16,633	(3,327)	(208)	13,098
2026-27	2,275,450	1,581,412	17,100	(3,420)	(214)	13,466
2027-28	2,319,523	1,625,485	17,576	(3,515)	(220)	13,841
2028-29	2,364,478	1,670,440	18,062	(3,612)	(226)	14,224
2029-30	2,410,332	1,716,294	18,558	(3,712)	(232)	14,615
2030-31	2,457,103	1,763,065	19,064	(3,813)	(238)	15,013
2031-32	2,504,810	1,810,772	19,579	(3,916)	(245)	15,419
2032-33	2,553,470	1,859,432	20,106	(4,021)	(251)	15,833
2033-34	2,603,104	1,909,066	20,642	(4,128)	(258)	16,256
2034-35	2,653,731	1,959,693	21,190	(4,238)	(265)	16,687
2035-36	2,705,370	2,011,332	21,663	(4,333)	(271)	17,060
2036-37	2,758,042	2,064,004	22,228	(4,446)	(278)	17,505
2037-38	2,811,767	2,117,729	22,803	(4,561)	(285)	17,958

Source: Source: HdL Coren & Cone.

The following table details the projected annual Tax Revenues and corresponding debt service coverage for the Bonds for Fiscal Years 2007-08 through 2037-38.

Table 11
Projected Tax Revenues and
Debt Service Coverage for Bonds
Fiscal Years 2007-08 through 2037-38

Fiscal Year	Projected Tax Revenues	Debt Service for 2006 Tax Allocation Bonds	Debt Service for Bonds	Total Combined Debt Service	Annual Debt Service Coverage ⁽¹⁾	Annual Debt Service Coverage ⁽²⁾
2007-08	\$ 7,465,000	\$ 778,959	\$ 90,473	\$ 869,432	859%	859%
2008-09	7,898,000	781,259	712,838	1,494,097	529	500
2009-10	8,156,000	783,209	711,038	1,494,247	546	500
2010-11	8,419,000	779,809	714,038	1,493,847	564	500
2011-12	8,687,000	781,234	711,638	1,492,872	582	500
2012-13	8,960,000	777,309	714,038	1,491,347	601	501
2013-14	9,238,000	773,209	721,038	1,494,247	618	500
2014-15	9,521,000	778,404	712,438	1,490,842	639	501
2015-16	9,810,000	783,044	708,838	1,491,882	658	500
2016-17	10,104,000	782,129	712,838	1,494,967	676	499
2017-18	10,404,000	785,844	708,438	1,494,282	696	500
2018-19	10,717,000	779,004	711,438	1,490,442	719	501
2019-20	11,038,000	776,979	716,238	1,493,217	739	500
2020-21	11,364,000	783,579	710,438	1,494,017	761	500
2021-22	11,697,000	779,379	713,888	1,493,267	783	500
2022-23	12,037,000	784,232	706,418	1,490,649	808	501
2023-24	12,384,000	778,254	713,438	1,491,692	830	500
2024-25	12,738,000	776,862	714,420	1,491,282	854	501
2025-26	13,098,000	774,847	719,570	1,494,417	876	500
2026-27	13,466,000	786,742	703,820	1,490,562	903	501
2027-28	13,841,000	782,381	708,070	1,490,451	929	501
2028-29	14,224,000	777,383	716,050	1,493,433	952	500
2029-30	14,615,000	776,746	716,300	1,493,046	979	500
2030-31	15,013,000	779,930	710,550	1,490,480	1,007	501
2031-32	15,419,000	787,034	704,050	1,491,084	1,034	501
2032-33	15,833,000	777,842	716,800	1,494,642	1,059	499
2033-34	16,256,000	778,002	712,800	1,490,802	1,090	501
2034-35	16,687,000	750,582	744,050	1,494,632	1,116	499
2035-36	17,060,000	690,291	802,688	1,492,979	1,143	500
2036-37	17,505,000		1,492,288	1,492,288	1,173	500
2037-38	17,958,000		1,492,688	1,492,688	1,203	500
Totals⁽³⁾	\$381,612,000	\$22,504,476	\$23,143,645	\$45,648,121		

(1) Calculated based on projected Tax Revenues.

(2) Calculated based on projected Fiscal Year 2007-08 Tax Revenues, held constant (i.e., assuming \$7,465,000 each year).

(3) Totals may not add due to rounding.

Sources: HdL Coren & Cone (for information in the column entitled Projected Tax Revenues) and Underwriter (for information in all other columns).

FACILITIES TO BE FINANCED WITH BOND PROCEEDS

Description of the Facilities

The Facilities to be financed in part with the proceeds from the sale of the Bonds are comprised of an approximately 500-space parking structure (the “Parking Structure”), which is a condition of approval for the full build out of the Mixed Use Project, and various other infrastructure improvements required to support the Mixed Use Project (collectively, the “Facilities”). The Developer is expected to construct all of the components of the Facilities, the construction cost of which, including permits, fees, design costs, and insurance, has been estimated by the Developer to be approximately \$12,000,000. Upon their completion, the Facilities will be purchased by the Commission pursuant to the terms of an Acquisition Agreement between the Commission and the Developer. The Commission is expected to contribute \$12,000,000 to the payment of costs of the Facilities, which amount is expected to be comprised of approximately \$9,900,000 in Bond proceeds and approximately \$2,100,000 in Tax Revenues available to the Commission and set aside in a special bank account for such purpose. Any costs of the Facilities in excess of \$12,000,000 shall be paid by the Developer. The Facilities are expected to include the components described below.

Parking Structure.

The Parking Structure is expected to be financed with a combination of Bond proceeds and Tax Revenues available to the Commission and set aside in a special bank account for such purpose. The Parking Structure is required as a condition of approval for full build out of the Mixed Use Project. Approximately 150 spaces are expected to be reserved for tenants of the Mixed Use Project. The Parking Structure will be constructed on property owned by the Developer, which property will be leased to the Commission for a term of 50 years, commencing on the date that the Commission acquires the completed Parking Structure from the Developer, pursuant to the terms of a Ground Lease between the Commission and the Developer (the “Ground Lease”). At the end of the term of the Ground Lease, the leasehold interest of the Commission will end and title to the Parking Structure will revert to the Developer. Under certain circumstances, the Ground Lease may be terminated prior to its stated term. In connection with such early termination, and in accordance with the terms of the Ground Lease, all or a portion of the Bonds may be optionally redeemed. See “THE BONDS – Redemption Provisions – Optional Redemption.”

The three-level Parking Structure is expected to be constructed by or on behalf of the Developer. The Developer will also serve as the initial manager of the Parking Structure, pursuant to a management agreement between the Developer and the Commission for an initial term of 20 years.

Other Infrastructure Improvements.

A portion of the Bond proceeds is expected to finance all or a portion of the design and construction of various street improvements and utilities required as conditions of approval for the Mixed Use Project, including, but not limited to, medians, bus bays, traffic signals, stop signs, crosswalks, and landscape improvements. Such improvements are expected to be constructed near and along Town Center Drive, Oxnard Boulevard, Clyde River Drive, Danvers River Street, and RiverPark Boulevard. Such improvements are expected to be constructed by or on behalf of the Developer in conjunction with the completion of the Retained Obligations under the Development Agreements.

Status and Schedule for Completion of the Facilities

Most of the components of the Facilities (other than the Parking Structure and certain improvements to Town Center Drive and Clyde River Drive) required as a condition of the Mixed Use

Project were approved by the Design Advisory Committee of the City pursuant to a Design Development Review, dated November 14, 2007 (the “DDR”). The Developer has submitted to the City a minor modification to the DDR that includes the Parking Structure (the “Approved DDR Modification”), and received approval from the City for such modification in April 2008. Certain improvements related to Town Center Drive and Clyde River Drive were also not included in the DDR because such improvements are related to later phases of the Mixed Use Project. However, the Developer expects to apply for and obtain additional approvals for such improvements from the City pursuant to another design development review during the second or third quarter of 2008; provided, that there can be no assurance that such approval will be granted. Construction on all of the components of the Facilities is scheduled to commence in the third quarter of 2008, and to be completed by the end of 2009. As of the date of this Official Statement, the Developer is not aware of any environmental issues or physical conditions that might impede construction of the Facilities.

The Developer and the Mixed Use Project

The information in this Official Statement regarding the Mixed Use Project has been provided for information purposes only and the inclusion of such information herein should not be construed to suggest that the payment of interest and principal with respect to the Bonds is dependent upon the completion of the Mixed Use Project. In addition, the inclusion in this Official Statement of information related to the Developer should not be construed to suggest that the Bonds, or the Tax Revenues that will be used to pay the principal and interest with respect to the Bonds, are recourse obligations of the Developer. The Developer may sell or otherwise dispose of land within the Project Area or any portion thereof or any interest therein at any time.

No assurance can be given that the proposed development of the Mixed Use Project will occur as described herein. Planning for the Mixed Use Project is underway and various permits for construction for the initial phase of the Mixed Use Project have been obtained as described herein. Vertical construction of the Mixed Use Project commenced in May 2008 and grading for a portion of the Facilities is underway. See “FACILITIES TO BE FINANCED WITH BOND PROCEEDS—Status and Schedule for Completion of the Facilities” and “—The Developer and the Mixed Use Project—The Mixed Use Project.” No assurance can be given that development of the Facilities or the Mixed Use Project will occur, or that it will occur in a timely manner or in the configuration or intensity described herein, or that the Developer will obtain or retain ownership of any of the land within the Project Area.

The Developer.

The Developer, Shea Properties II, LLC, a Delaware limited liability company, owns a substantial portion of the property on which the Mixed Use Project is expected to be constructed and expects to be the owner of title to the Myrtle Property after such property is properly subdivided for development. The Shea family of companies and its subsidiaries and affiliates (including the Developer) are builders and developers of master planned communities, homes, apartments, offices, industrial parks, and neighborhood and community shopping centers. The Shea family has been in business for over 120 years.

The Mixed Use Project.

The Facilities are being constructed to satisfy various conditions of approval related to the Mixed Use Project, which is a proposed commercial/retail development that is expected to encompass approximately 80 acres in the Project Area and be owned by the Developer. The Mixed Use Project is expected to be comprised of three distinct development sites. The largest of the three development sites is called “The Collection,” and is located along the east and west sides of Oxnard Boulevard and north of U.S. Highway 101. Pursuant to the Approved DDR Modification, The Collection was approved as a

regional open-air lifestyle center with approximately 550,000 square feet of retail space, including an approximately 60,000 square foot cinema, plus approximately 50,000 square feet of office space. The other two development sites, currently known as “The Landing” and “The Pointe,” are expected to be approved for development as retail centers to service the local community with a combined total of approximately 190,000 square feet of retail space; provided, however, that there is no assurance that the development plans related to the Mixed Use Project will not change or that expected or required approvals will be provided by the City.

As of the date of this Official Statement, the Developer is not aware of any environmental issues that might impede construction of the Mixed Use Project. Grading of the first phase of the Mixed Use Project commenced in January 2008 and building permits for approximately 375,000 square feet of the Mixed Use Project have been obtained. The Developer anticipates that the remainder of the building permits for The Collection will be obtained within the next two to three months. Although plans for portions of The Landing and The Pointe have been submitted to the City for approval, neither such approval has yet been received and no building permits have been issued for those portions of the Mixed Use Project.

Pursuant to the terms of the RiverPark OPA and the Development Agreement, as modified by the City Manager in accordance with the terms thereof on August 23, 2007, and as assigned to the Developer, the Developer is required to complete construction of a combined total of 395,000 square feet of commercial development with respect to the Mixed Use Project by not later than December 31, 2009, a combined total of 425,000 square feet of commercial development by not later than December 31, 2010, and a combined total of 680,000 square feet of commercial development by not later than December 31, 2012. Assumed future tax rates and projected Tax Revenues set forth in this Official Statement have been made without regard to the completion of the Mixed Use Project.

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. Article XIII A further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or (3) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation, or replacement of school facilities, or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district voting on the proposition, but only if certain accountability measures are included in the proposition.

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. The Commission cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Commission’s receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

Legislation Affecting Apportionment of Property Taxes

The apportionment of property taxes in fiscal years after 1978-79 has been revised pursuant to 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 California State Board of Equalization (“SBE”), which is allocated by a different method discussed herein.

Property Tax Collection Procedures

Classifications. In California, property that 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 that 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 that are delinquent.

Penalties. A 10% penalty is added to delinquent taxes that 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 this Official Statement. To the extent such supplemental assessments occur within the Project Area, 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 the Project Area, which are pledged to pay debt service on the Bonds and which constitute the primary source of funds to pay the debt service on the Bonds. The County’s administrative charge for fiscal year 2006-07 was \$77,741 for the Project Area. Such amount was 1.00% of the Project Area’s gross Tax Revenues. The County’s administrative charge for fiscal year 2007-08 is not yet available. The County’s administrative charge for fiscal year 2007-08 and for all subsequent fiscal years in the projections contained herein has been estimated at 1.00% of gross Tax Revenues. See also “THE PROJECT AREA – Projected 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 the Project Area, see “THE PROJECT AREA – Tax Rates in 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 XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges. Tax Revenues securing the Bonds are derived from

property taxes, which are outside the scope of taxes, assessments, and property-related fees and charges that were limited by Proposition 218.

AB 1290

In 1993, the California Legislature enacted Assembly Bill 1290 (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 Redevelopment Plan is 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 that 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 Area is subject to the 20% set-aside requirement for low- and moderate-income housing. See “THE PROJECT AREA – Projected Tax Revenues and Debt Service Coverage.”

Statement of Indebtedness

Under the Redevelopment Law, the Commission must file with the Auditor-Controller a statement of indebtedness for the Project Area by October 1 of each year. As described below, the statement of indebtedness controls the amount of Tax Revenues derived from the 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 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 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 Project Area during the previous fiscal year from the total revenues (both tax increment revenues and

other revenues) related to the 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 Project Area other than amounts set aside for low- and moderate-income housing.

The Auditor-Controller may only pay tax increment revenue related to the 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

Section 33333.2 of the Redevelopment Law requires that, for redevelopment plans adopted on or after January 1, 1994, each redevelopment agency must include in each redevelopment plan certain limitations. These include a time limitation on the effectiveness of the redevelopment plan that is not to exceed 30 years from the date of adoption of the redevelopment plan or, in the case of territories added to an existing redevelopment plan, the date that said added territory was adopted. Section 33333.2 further requires such redevelopment plans to limit the establishment of loans, advances, and indebtedness to be paid from tax revenues to 20 years from the date of the plan adoption or from the date of the addition of added territory. The redevelopment plan must limit the repayment of indebtedness to 45 years from the date of adoption or addition of added territory and limit commencement of eminent domain proceedings to 12 years from the date of adoption or addition of added territory.

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 No. 2645, extending by one year the time limit of the Redevelopment Plan and extending the time in which the Commission may repay indebtedness with Tax Revenues derived from the Original Project Area. See “THE PROJECT AREA – Redevelopment Plan Limitations.”

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 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. Statutory tax sharing payments made pursuant to Section 33607.5 within the Project 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 Bonds by all of the Project Area's 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 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. 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 Bonds. The Commission has requested and received such subordination from the affected taxing entities. As a result of receiving such subordination authority, the statutory tax sharing amounts for the Project Area have been shown in this Official Statement as being subordinate to the payment of debt service on the Bonds.

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 that 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 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 the 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 Project Area, see "THE PROJECT AREA – Assessment Appeals."

RISK FACTORS

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

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 Commission 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 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 any of the Bonds under Section 103 of the Code. 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 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 are Limited Obligations

The Bonds are limited obligations of the Commission payable solely from and secured solely by the amounts pledged therefor under the Indenture, which amounts are comprised of Tax Revenues and moneys held in certain of the funds established under such Indenture. **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 Bonds.**

Reduction of Tax Revenues

The Tax Revenues constitute the primary security for the Bonds. Tax Revenues are determined by the amount of incremental assessed value of taxable property the Project Area, the current rate or rates at which property in 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 Bonds, including, among others, the following: (i) a reduction of taxable values of property in the Project Area caused by local or regional economic factors; (ii) a relocation out of the Project Area by one or more major property owners; (iii) successful appeals by property owners for a reduction in a property's assessed value; (iv) a reduction of the general inflationary rate; or (v) the destruction of property caused by natural or other disasters. Such risk increases in proportion to the percentage of total assessed value attributable to any single property owner in the Project Area. For information regarding the largest property owners of the Project Area, see "THE PROJECT AREA – Major Taxpayers in Project Area."

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 Area, whether an increase or a reduction, will be realized in the future.

Future Initiatives, Litigation, or Changes In Law

In addition to the existing limitations on Tax Revenues described herein under "LIMITATIONS ON TAX REVENUES," the California electorate could adopt future initiative measures, or the California Legislature could pass future legislation, with the effect of reducing Tax Revenues payable to the

Commission, or the Commission's ability to expend tax increment revenue. Similarly, future federal or California litigation could result in case law precedent affecting Tax Revenues payable to the Commission, or the Commission's ability to expend tax increment revenue.

Levy and Collection of Taxes

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

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

Estimates of Tax Revenues

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

As noted above, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 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 BONDS" and "LIMITATIONS ON TAX REVENUES."

Concentration of Ownership

The assessed value of the property owned by the 10 largest taxpayers in the Project Area currently represents approximately 22.56% of the total assessed value in such Project Area. See "THE PROJECT AREA – Major Taxpayers in Project Area."

Events causing a reduction in assessed value of or physical damage to property in the Project Area owned by one or more of the 10 largest property owners therein, or any future owner of significant property in the Project Area, such as physical damage by fire, earthquake, or other causes, may significantly delay or ultimately reduce the payment of property taxes in the Project Area. Further, bankruptcy or financial difficulties arising with respect to a current or future major property owner may also significantly delay or ultimately reduce payment of property taxes in the Project Area.

Failure to Develop Property

The construction of the Facilities has not yet been completed and there are still land development activities occurring within the Project Area. Land development operations, including construction of the Facilities by the Developer or its affiliates, are subject to comprehensive federal, State, and local regulations, as well as general and local economic conditions. Approval is required from various agencies in connection with the layout and design of the Facilities, the nature and extent of the planned improvements, construction activity, land use, zoning, and health requirements, as well as numerous other matters. Although many such approvals have been obtained, it is possible that the remaining approvals will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy any such governmental requirements could adversely affect the construction of the Facilities. In addition, there is a risk that future governmental requirements, including, but not limited to, governmental policies restricting or controlling development within the Project Area, will be enacted, and a risk that future land use initiatives approved by the voters in the City or the State could add more restrictions and requirements on development within the Project Area. See ‘FACILITIES TO BE FINANCED WITH BOND PROCEEDS.’

Parity Debt

The Commission may issue other bonds or incur other obligations payable from Tax Revenues on a parity with the Bonds, provided that the conditions set forth in the Indenture are met. See “SECURITY FOR THE BONDS – Issuance of Parity Debt.” On January 5, 2007, the Commission issued \$11,490,000 aggregate principal amount of 2006 Tax Allocation Bonds, which 2006 Tax Allocation Bonds are secured by and payable from Tax Revenues on a parity with the Bonds and therefore constitute Parity Debt. Any Parity Debt issued by the Commission, including the 2006 Tax Allocation Bonds, necessarily limits the availability of Tax Revenues for the payment of principal and interest with respect to the Bonds. Notwithstanding the funds that are pledged pursuant to the Indenture, Owners of the Bonds are not guaranteed that sufficient Tax Revenues will be available to pay the Bonds. See “THE PROJECT AREA – Projected Tax Revenues and Debt Service Coverage.”

The Commission may also issue bonds or incur obligations payable from Tax Revenues that 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 Bonds.

Hazardous Substances

The discovery of hazardous substances on the property in the Project Area could limit the beneficial use of taxable property within the Project Area. An owner or operator of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. Moreover, such owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. Should a hazardous substance affect any of the property within the Project Area, the effect could be to reduce the marketability and value of the property by the costs of

remedying the condition or other amounts. Such costs could result in the reduction in the assessed value of the affected property, which could adversely affect the ability of the Commission to pay debt service with respect to the Bonds.

Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations of the Commission with respect thereto, 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 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 Shift

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 \$214,558, 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 years 2004-05 and 2005-06. 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's required ERAF payment for fiscal year 2005-06 was \$819,745, 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 2007-08 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 SBE 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, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues, 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 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 comprehensive annual financial report for the fiscal year ended June 30, 2007, is attached hereto as Appendix C.

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

Redevelopment Project Areas

For over 30 years, the City has had as one of its major policy goals the preservation and expansion of the downtown area for high quality development. This goal has been reinforced and restated in a variety of policy documents and physical development projects. In July 1963, the City Council adopted the Daniel, Mann, Johnson and Mendenhall report entitled “A Plan for the Revitalization of the Oxnard Metropolitan Core Area.” The report recommended revitalization of the downtown area as the “heart of the City.” A major feature of the plan was the formal introduction of the concept of “superblocks” and pedestrian plazas. In October 1966, City Council adopted a General Neighborhood Renewal Plan, which outlined redevelopment objectives, provided an eight-year action program, and designated two redevelopment project areas: the Downtown Renewal (R-108) Project Area and the Central City Revitalization Project Area, which have since been merged into the Merged Downtown Renewal (R-108) and Central City Revitalization Project Area. In addition to the Merged Downtown Renewal (R-108) and Central City Revitalization Project Area and the Project Area, the City has previously formed the Ormond Beach Project Area in 1983 and the Southwinds Project Area in 1985.

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 D 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 Commission has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in gross income for federal income tax purposes. Failure to comply with those covenants may result in interest on the Bonds being included in gross income for

federal income tax purposes, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with those covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

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

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

Original Issue Discount/Premium

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds 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 \$11,531,540.75 (which represents the aggregate principal amount of the Bonds, less an Underwriter's discount of \$141,480.00, less a net original issue discount of \$116,979.25). 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.

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

CONTINUING DISCLOSURE

The Commission will covenant in a Continuing Disclosure Agreement to provide certain financial information and operating data relating to 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 E. Such covenant will be made by the Commission in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12, as amended. The Commission has never failed to provide any previous continuing disclosure or notices of material events. See “APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT.”

RATINGS

It is anticipated that 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. In addition, S&P has assigned an underlying municipal bond rating of “A” to the Bonds. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings 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 the foregoing ratings may have an adverse effect on the market price of the Bonds.

NO LITIGATION

The Commission will certify, and the City Attorney will render a separate opinion on behalf of the Commission upon the issuance of the Bonds to the effect that, there is no action, suit, or proceeding known to the Commission to be pending or threatened, restraining or enjoining the issuance, execution, or delivery of the Bonds or the Indenture, as applicable, or in any way contesting or affecting the validity of the foregoing or any proceeding of the Commission taken with respect to any of the foregoing, 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 D attached hereto. Copies of such opinion will be furnished to the Underwriter and the Commission at the time of delivery of the Bonds. Certain legal matters will be passed upon for 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.

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 Commission.

OXNARD COMMUNITY DEVELOPMENT COMMISSION

By /s/ James Cameron
Chief Financial Officer

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

Selected Definitions

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

“Acquisition Agreement” means that certain Acquisition Agreement, dated as of April 22, 2008, by and between the Commission and Shea Properties II, LLC, a Delaware limited liability company.

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

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

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

“Bond Insurance Policy” means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

“Bond Insurer” means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

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

“Bond Year” means the period of 12 consecutive months commencing on September 2 and ending on September 1 in any year during which Bonds are or will be Outstanding; provided, however,

that the first Bond Year shall commence on the Closing Date and end on September 1, 2008, and that the final Bond Year shall end on the date on which the Bonds are fully paid or redeemed.

“Book-Entry Bonds” means the Bonds registered in the name of the Nominee of DTC, or any successor securities depository for the Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture or, as applicable, any Supplemental 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 Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture, and, unless otherwise specifically provided in the Indenture, no interest shall accrue for the period from and after such nominal date.

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

“Code” means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

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

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

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

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

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

- c. Rural Economic Community Development Administration (formerly the Farmers Home Administration);
 - d. General Services Administration;
 - e. U.S. Maritime Administration;
 - f. Small Business Administration;
 - g. Government National Mortgage Association (GNMA);
 - h. U.S. Department of Housing & Urban Development (PHA's);
 - i. Federal Housing Administration;
 - j. Federal Financing Bank;
 - k. Resolution Funding Corporation (REFCORP) interest strips only;
 - l. Agency for International Development; and
 - m. Overseas Private Investment Corporation.
3. Direct non-callable and non-prepayable obligations of government sponsored agencies that have been approved by the Bond Insurer, which obligations are not fully guaranteed by the full faith and credit of the United States of America.
 4. Subject to the prior written consent of the Bond Insurer, pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P.
 5. Other forms of investments approved in writing by the Bond Insurer with notice by the Commission to S&P.

"Depository" means the securities depository acting as Depository pursuant to the Indenture.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

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

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

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

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

“Information Services” means Financial Information, Inc.’s “Financial Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 55 Broad Street, 28th Floor, New York, New York 10004; Moody’s Investors Service “Municipal and Government,” 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bond Department; Standard and Poor’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, to such other services providing information with respect to called bonds, or to such services, as the Commission may indicate in a Certificate of the Commission delivered to the Trustee.

“Interest Payment Date” means each March 1 and September 1, commencing September 1, 2008.

“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.

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

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

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

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

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

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

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

“Parity Debt” means any loans, advances, or indebtedness issued or incurred by the Commission and secured by a pledge of or lien upon the Tax Revenues that is on a parity with the pledge of or lien upon the Tax Revenues for the security of the Bonds, including, without limitation, the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2006.

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

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

“Permitted Investments” means any of the investments listed below, 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) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”);

(b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America;

(c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or

(d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies that are not backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Mortgage Corporation (FHLMC) Participation certificates (excluded are stripped mortgage securities that are purchased at prices exceeding their principal amounts) – senior debt obligations;

(b) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) – consolidated system-wide bonds and notes;

(c) Federal Home Loan Banks (FHL Banks) – consolidated debt obligations;

(d) Federal National Mortgage Association (FNMA) – senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(e) Financing Corporation (FICO) – debt obligations; or

(f) Resolution Funding Corporation (REFCORP) – debt obligations.

(4) Unsecured certificates of deposit, time deposits, and bankers’ acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated “A-1” or better by S&P.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks that have capital and surplus of at least \$5 million.

(6) Commercial paper (having original maturities of not more than 30 days) rated “A-1+” by S&P and “Prime-1” by Moody’s.

(7) Money market funds rated in the highest rating category by S&P and Moody’s. Such money market funds may include funds for which the Trustee or its subsidiaries or affiliates provide investment advisory or other management services.

(8) “State Obligations”, which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated “A-1+” by S&P and “MIG-1” by Moody’s; or

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated “AA” or better by S&P and “Aa” or better by Moody’s.

(9) Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody’s meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations that may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(10) Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “AA” by S&P and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “AA” by S&P and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “AA” or better by S&P and Moody’s and acceptable to the Bond Insurer, provided that:

(a) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach);

(b) The Trustee or a third party acting solely as agent therefor or for the Commission (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) All other requirements of S&P in respect of repurchase agreements shall be met; and

(e) The repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A-” by S&P or “A3” by Moody’s, as appropriate, the provider must, at the direction of the Commission or the Trustee (who shall give such direction if so directed by the Bond Insurer), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Commission or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in clause (a) above, so long as such collateral levels are 103% or better and the provider is rated at least “A” by S&P and Moody’s, respectively.

(11) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt is rated at least “AA” (stable) by S&P and “Aa2” (stable) by Moody’s, or, in the case of a monoline financial guaranty insurance company, claims paying ability of the guarantor is rated at least “AAA (stable)” by S&P and “Aaa (stable)” by Moody’s; provided that, by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice; the Commission and the Trustee hereby

agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(d) the Commission or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Commission and the Bond Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Bond Insurer;

(e) the investment agreement shall provide that if during its term:

(i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Commission, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest on the investment; and

(ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Commission or the Trustee (who shall give such direction if so directed by the Bond Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Commission or Trustee; and

(f) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(g) the investment agreement must provide that if during its term:

(i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Commission or the Trustee (who shall give such direction if so directed by the Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Commission or Trustee, as appropriate; and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. (“event of insolvency”), the provider’s obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Commission or Trustee, as appropriate.

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

“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 expiration date of 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 the territory within the Redevelopment Project, as described in the Redevelopment Plan.

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

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

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

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

“Redevelopment Law” means the Community Redevelopment Law of the State, constituting Part 1 and Part 1.7 of Division 24 of the Health and Safety Code of the State, as amended.

“Redevelopment Plan” means the Amended and Restated Redevelopment Plan for the Project Area, adopted by the City Council on March 23, 2004, pursuant to Ordinance No. 2653, together with any amendments thereto heretofore or hereafter duly enacted pursuant to the Redevelopment Law.

“Redevelopment Project” means the area constituting the Historic Enhancement and Revitalization of Oxnard (HERO) Project as described in the Redevelopment Plan and pursuant to the Redevelopment Law for the redevelopment of the Project Area.

“Report” means a document in writing signed by an Independent Redevelopment Consultant and including:

- (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

- (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

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

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

“Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) 10% of the aggregate principal amount of the Bonds originally issued, (ii) Maximum Annual Debt Service on the Bonds, or (iii) 125% of the Average Annual Debt Service on the Bonds. As of the Closing Date, the Reserve Requirement is \$958,990.83.

“Securities Depositories” means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Facsimile transmission: (516) 227-4039 or (516) 227-4190, or, in accordance with the then current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the Commission may indicate in a Certificate of the Commission delivered to the Trustee.

“Special Fund” means the fund by that name described in the 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 Indenture for the security of the Bonds and any Parity Debt.

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

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

Funds and Accounts

Under the Indenture, the Trustee will establish (or maintain) and hold the Costs of Issuance Fund, the Redevelopment Fund, the Debt Service Fund, the Reserve Fund, the Rebate Fund, and the Special Fund, and will invest, transfer, and disburse moneys on deposit therein. Pursuant to the Indenture, the Bonds and all Parity Debt shall be equally secured by a first pledge of and lien on all of the Tax Revenues and all of the moneys in the Special Fund, and the Bonds shall be equally secured by a first and exclusive pledge of and lien upon all of the moneys the Debt Service Fund and the Reserve Fund, without preference or priority for series, issue, number, dated date, sale date, date of execution, or date of delivery.

Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon receipt by the Trustee of a Written Request of the Commission in the form attached to the Indenture.

The Trustee shall hold the moneys in the Costs of Issuance Fund and disburse such moneys therefrom in accordance with the Indenture. If, on the date that is six months after the Closing Date, there shall remain any balance of money in the Costs of Issuance Fund, all moneys so remaining, after the Trustee shall have duly notified the Commission thereof, shall be transferred, first, to the Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Reserve Requirement, and thereafter to the Debt Service Fund and applied to the payment of principal of the Bonds on the next succeeding Interest Payment Date on which principal of the Bonds is payable.

Redevelopment Fund. The moneys in the Redevelopment Fund shall be disbursed from time to time to be used in the manner provided by the Redevelopment Law solely for the purpose of aiding in the financing of the costs of the Redevelopment Project, including, without limitation, the costs of the facilities described in the Acquisition Agreement. The Trustee shall disburse moneys in the Redevelopment Fund from time to time to pay such costs upon receipt by the Trustee of a Written Request of the Commission in the form attached to the Indenture.

The Trustee shall hold the moneys in the Redevelopment Fund and disburse such moneys therefrom in accordance with the Indenture. Any amounts remaining in the Redevelopment Fund (exclusive of amounts certified by the Commission as necessary to pay future costs of the Redevelopment Project) on the date on which the Commission has notified the Trustee in writing that all such costs have been paid, shall be transferred, first, to the Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Reserve Requirement, and thereafter to the Debt Service Fund for the payment of principal of and interest on the Bonds.

Debt Service Fund. On or before the third Business Day preceding each Interest Payment Date, the Commission shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Debt Service Fund in immediately available funds an amount that, when added to the amount on deposit in the Debt Service Fund on that date, will be equal to (A) the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date and (B) the aggregate amount of the principal payable with respect to the Outstanding Bonds, whether at maturity, due to mandatory redemption pursuant to the Indenture, or purchase, on such Interest Payment Date. No such transfer and deposit need be made to the Debt Service Fund if the amount contained therein is at least equal to the interest to become due on all Outstanding Bonds and the principal of the Outstanding Bonds then maturing or otherwise payable on the next succeeding Interest Payment Date. On or before the date of each optional redemption pursuant to the Indenture, the Commission shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Debt Service Fund in immediately available funds an amount that, when added to the amount on deposit in the Debt Service Fund on that date, will be equal to the amount necessary to pay all principal, interest, and premium, if any, with respect to all Bonds selected for optional redemption on such redemption date. All moneys in the Debt Service Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest, and premium, if any, with respect to Bonds as the same shall become due and payable.

Reserve Fund. The Reserve Fund is to be maintained in an amount that will be equal to the Reserve Requirement. In the event that the amount on deposit in the Reserve Fund on any date becomes less than the Reserve Requirement, the Trustee shall promptly notify the Commission of such fact. Promptly upon receipt of any such notice, the Commission shall withdraw from the Special Fund and transfer to the Trustee an amount sufficient to increase the amount on deposit in the Reserve Fund to the amount of the Reserve Requirement. If there shall then not be sufficient moneys in the Special Fund to transfer such required amount to the Reserve Fund, the Commission shall be obligated to continue to make such transfers to the Reserve Fund as Tax Revenues become available in the Special Fund until there is an amount equal to the Reserve Requirement on deposit in the Reserve Fund. No such transfer and deposit need be made to the Reserve Fund so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Debt Service Fund in the event of any deficiency at any time in the Debt Service Fund or for the retirement of all the Bonds then Outstanding. All interest income received by the Trustee on investment of moneys in the Reserve Fund shall be retained in the Reserve Fund so long as amounts on deposit in the Reserve Fund are less than the Reserve Requirement. So long as the Commission is not in default under the Indenture, any amount in the Reserve Fund in excess of the Reserve Requirement shall be withdrawn from the Reserve Fund by the Trustee semiannually on the second Business Day preceding each Interest Payment Date and deposited in the Debt Service Fund. All amounts in the Reserve Fund on the final Interest Payment Date shall be withdrawn from the Reserve Fund and shall be transferred either (1) to the Debt Service Fund, to the extent required to make the deposits then required to be made pursuant to the Indenture, or (2) if the Commission shall have caused to be deposited in the Debt Service Fund an amount sufficient to make the deposits required by the Indenture, then the Trustee shall transfer the remaining amount to the Commission.

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

Upon deposit by the Commission with the Trustee of any such letter of credit, Qualified Reserve Fund Policy, or other form of guarantee, the Trustee shall withdraw from the Reserve Fund and transfer to the Commission for deposit in the Redevelopment Fund an amount equal to the principal amount of such letter of credit, surety bond, bond insurance policy, or other form of guarantee.

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

Special Fund. The Commission has previously established and shall continue to maintain the Special Fund. The Commission shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof by the Commission, until such time during such Bond Year as the amounts on deposit in the Special Fund equal the aggregate amounts required (i) to be transferred to the Trustee for deposit into the Debt Service Fund and the Reserve Fund in such Bond Year pursuant to the Indenture and (ii) to be transferred to the Trustee or such other applicable entity for deposit in the funds and accounts established with respect to any Parity Debt, as provided in any Supplemental Indenture.

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

Investment of Moneys

Moneys in the funds established under the Indenture shall, in accordance with a Written Request of the Commission, be invested by the Trustee in Permitted Investments. The Trustee may conclusively rely on any direction contained in a Written Request of the Commission to invest in investments that such investments are Permitted Investments. In the absence of a Written Request of the Commission, the Trustee shall invest moneys in interest bearing demand or time deposit accounts with the Trustee or in accordance with clause (7) of the definition of Permitted Investments. The obligations in which moneys in the said funds are invested shall mature on or prior to the date on which such moneys are estimated to be required to be paid out under the Indenture. The obligations in which moneys in the Reserve Fund are so invested shall be invested in obligations maturing no later than five years after the date of investment (exclusive of investment agreements and other Permitted Investments approved in writing by the Bond Insurer); provided no such investment shall mature later than the final maturity date of the Bonds; provided further, if such investments may be redeemed at par so as to be available on each Interest Payment Date, any amount of the Reserve Fund may be invested in such redeemable investments of any maturity on or prior to the final maturity date of the Bonds. The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment required under the Indenture. Notwithstanding anything in the Indenture to the contrary, the Trustee shall not be responsible for any loss from investments, sales,

or transfers undertaken in accordance with the Indenture. Except as otherwise expressly provided in the Indenture, all interest, income, or profits from the deposits or investments of all funds shall remain in such funds. For purposes of determining the amount of deposit in any fund held under the Indenture, all Permitted Investments credited to such fund shall be valued at the cost thereof. Investments shall be valued as frequently as deemed necessary by the Bond Insurer, but not less often than, on or about June 30 of each year commencing on June 30, 2008, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date. Except as otherwise provided in the Indenture, Permitted Investments representing an investment of moneys attributable to any fund and all investment profits or losses thereon shall be deemed at all times to be a part of said fund.

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

Against Encumbrances

So long as the Bonds are Outstanding, the Commission shall not issue any bonds, notes, or other obligations, enter into any agreement, or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only the Bonds, any Parity Debt, and any Subordinate Debt, and the Commission shall not otherwise encumber, pledge, or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds.

Federal Tax Covenants

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

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

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

Federal Guaranty. The Commission shall make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

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

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

Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes.

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

Duties and Liabilities of Trustee

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

(b) So long as no Event of Default has occurred and is continuing, upon 30 days written notice to the Trustee, the Commission, with the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, may remove the Trustee at any time and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, or the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) below, or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency, or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may resign by giving not less than 60 days prior written notice of such resignation to the Commission and the Bond Insurer and by giving notice of such resignation by first class mail, postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving such notice of resignation, the Commission, with the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee acceptable to the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy. If no successor Trustee shall have been appointed and shall have accepted appointment within 30 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, at the expense of the Commission, or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Commission, the Bond Insurer, and its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties, and obligations of such predecessor

Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless, at the Written Request of the Commission or written request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign, and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Commission shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties, and obligations. Upon acceptance of appointment by a successor Trustee as provided in the Indenture, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts under the Indenture by first class mail, postage prepaid, to the Owners at their addresses listed in the Bond Register.

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

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

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

(h) The Trustee shall not be accountable for the use or application by the Commission or any other party of any funds which the Trustee has released under the Indenture.

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

(j) Notwithstanding any other provision of the Indenture, in determining whether any amendment, consent, waiver, or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Owners, the Trustee shall consider the effect of any such amendment, consent, waiver, action, or inaction as if there were no Bond Insurance Policy.

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

Amendment of the Indenture

The Indenture and the rights and obligations of the Commission and of the Owners may be amended at any time by a Supplemental Indenture, which shall become binding with the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, and the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture, are filed with the Trustee. Any rating agency then rating the Bonds shall receive a notice of each amendment of the Indenture and shall receive a copy thereof at least 15 days in advance of the execution or adoption of such amendment. In addition, the Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture. No such amendment shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the Commission to pay the interest on or principal of or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency provided in the Indenture without the express written consent of the Owner of such Bond, (2) reduce the percentage of principal amount of Bonds owned by Owners whose consent is required for the execution of any Supplemental Indenture, or (3) modify any rights or obligations of the Trustee without its prior written assent thereto.

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

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

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

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

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

Copies of any amendments to the Indenture shall be sent to S&P.

Disqualified Bonds

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

Events of Default

If one or more of the following Events of Default shall happen, that is to say:

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

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

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

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

then and in each and every such case during the continuance of such Event of Default the Trustee may, and, upon the written direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, or the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, shall, by notice in writing to the Commission, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained in the Indenture or in the Bonds to the contrary notwithstanding. The foregoing provisions, however, are subject to the condition that if at any time after the Bonds have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Commission shall deposit with the Trustee a sum sufficient to pay the unpaid principal amount of the Bonds due prior to such declaration and the accrued interest on those of such Bonds as are Bonds, with interest on such overdue installments at the rate or rates applicable thereto in accordance with their terms, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Commission (other than in the payment of the Bonds due and payable solely by

reason of such declaration) shall have been made good or cured to the satisfaction of the Commission or provision deemed by the Commission to be adequate shall have been made therefor, then and in every such case the Commission may rescind and annul declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon. In the event of payment default as provided in subsection (a) or (b) above, the Trustee shall notify the Bond Insurer immediately of such default and in the event of all other Events of Default as provided in the Indenture, the Trustee shall notify the Bond Insurer within 30 days of the Trustee's actual knowledge thereof.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Indenture, including, without limitation, the right to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, as well as the right to rescind and annul such declaration and its consequences.

Proceedings By Trustee

Upon the happening and continuance of any Event of Default, the Trustee shall immediately notify the Bond Insurer and, in its discretion, the Trustee may, and, at the written direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, or at the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall (but only to the extent indemnified to its satisfaction from fees and expenses, including attorneys' fees), do the following:

- (a) by mandamus, or other suit, action, or proceeding at law or in equity, enforce all rights of the Owners and require the Commission to enforce all rights of the Owners of Bonds, including the right to require the Commission to carry out any other covenant or agreement with Owners of Bonds and to perform its duties under the Indenture;
- (b) bring suit upon the Bonds; and
- (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners.

Right of Owners to Direct Proceedings

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

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

Waiver of Events of Default

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

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

Restrictions on Owners' Actions

In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in the Indenture, no Owner of any of the Bonds shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of any trust under the Indenture, or any other remedy under the Indenture or on said Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding, or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in the Indenture granted, or to institute such action, suit, or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request, and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Indenture or for any other remedy under the Indenture; it being understood and intended that no one or more Owners of the Bonds secured by the Indenture shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security of the Indenture, or to enforce any right under the Indenture or under the Bonds, except in the manner in the Indenture provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner in the Indenture provided, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of the Indenture.

Defeasance

(a) If the Commission shall pay or cause to be paid or there shall otherwise be paid to the Owners of any Outstanding Bonds the interest thereon and the principal thereof and the redemption premium, if any, thereon at the times and in the manner stipulated therein and in the Indenture, then all agreements, covenants, and other obligations of the Commission to the Owners of such Bonds under the Indenture shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Commission all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the

Commission all money or securities held by it pursuant to the 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 Indenture required or contemplated to be kept, performed, and observed by the Commission or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of the Indenture and such lien and all covenants, agreements, and other obligations of the Commission under the Indenture shall cease, terminate, become void, and be completely discharged as to such Bonds.

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

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

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) above if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Commission shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Indenture, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with the Indenture, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time in accordance with an escrow deposit agreement (which shall be acceptable in form and substance to the Bond Insurer), 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) there shall have been delivered an Opinion of Counsel, addressed to the Commission, the Trustee, and the Bond Insurer, to the effect that the Bonds are no longer "Outstanding" for purposes of the Indenture, (4) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Commission shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Bonds and the Bond Insurer that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section 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, and (5) in the case of Book-Entry Bonds, the Trustee shall give notice to the Depository of the redemption of all or part of such Book-Entry Bonds on the date proceeds or other funds are deposited in escrow with respect to such Book-Entry Bonds. To the extent reasonably practicable, the Bond Insurer shall be provided with final drafts of the foregoing documentation not less than five Business Days prior to the deposit required by clause (2) above having been made.

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

Provisions Relating to the Bond Insurance Policy

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

The Commission shall pay or reimburse the Bond Insurer for any and all charges, fees, costs, and expenses that 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 Indenture or the Bonds, (ii) the pursuit of any remedies under the Indenture or the Bonds or otherwise afforded by law or equity, (iii) any amendment, waiver, or other action with respect to, or related to the Indenture or the Bonds whether or not executed or completed, (iv) the violation by the 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 Indenture or the Bonds 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 Indenture or 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 Article VII of the Indenture except with the consent, or at the direction, of the Bond Insurer.

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

The Bond Insurer shall be a third party beneficiary under the Indenture.

The Bond Insurer shall, to the extent that it makes any payment of principal of or interest on the Bonds, 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 Indenture.

The rights granted to the Bond Insurer under the Indenture 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.

Except for subrogation rights under the Bond Insurance Policy and any reimbursement obligation to the Bond Insurer for amounts previously drawn under the Bond Insurance Policy and not repaid in full, the rights of the Bond Insurer to direct or consent to the actions under the Indenture of the Commission, 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.

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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 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 192,997 in 2007, accounting for over 23% of the County’s population. The City has become a premier center of County industrial activity. In 2007, the City’s industrial vacancy rate hit an all time low of 1.6%. In the past 10 years, 1,522 industrial acres have been developed within the City totaling over 29 million square feet of manufacturing and warehouse space.

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 2.74% for the past seven years.

Population

The City’s population has grown from approximately 160,300 people in 2000 to approximately 192,997 in 2007. The following table shows the approximate changes in population in the City, the County, the State, and the United States for the years 2000 through 2007.

**Population of
City, County, State, and U.S.
2000 through 2007 ⁽¹⁾**

<u>Year</u>	<u>City</u>	<u>Percent Change</u>	<u>County</u>	<u>Percent Change</u>	<u>State (000)</u>	<u>Percent Change</u>	<u>United States (000)</u>	<u>Percent Change</u>
2000	160,300	--	758,657	--	34,099	--	282,193	--
2001	177,700	10.85%	774,264	2.06%	34,784	2.01%	285,108	1.03
2002	182,027	2.44	787,886	1.76	35,393	1.75	287,985	1.01
2003	181,800	(0.12)	799,781	1.51	35,990	1.69	290,850	0.99
2004	186,122	2.38	808,657	1.11	36,522	1.48	293,657	0.97
2005	188,941	1.51	814,262	0.69	36,982	1.26	296,410	0.94
2006	189,990	0.56	821,698	0.91	37,444	1.25	299,398	1.01
2007	192,997	1.58	825,512	0.46	37,663	0.58	301,621	0.74

(1) Unless otherwise noted, estimates for City as of January 1, and for the County, the State, and the U.S. as of July 1 (provided, however, that estimates for the County and the State for 2007 are as of January 1, 2007).

Sources: For City: City’s Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2007; for State and County: 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 an obligation of the City referred to as the "Public Safety Retirement Debt." The following table details the City's property tax rates for the last 10 fiscal years.

City of Oxnard Property Tax Rates Fiscal Years 1998 through 2007

<u>Fiscal Year Ended June 30</u>	<u>Article XIII A Basic Tax Rate</u>	<u>City District (Public Safety Retirement Debt)</u>	<u>School Districts</u>	<u>Water Districts</u>	<u>Total Tax Rates</u>
1998	1.00%	0.14647%	0.02620%	0.06694%	1.23961%
1999	1.00	0.14497	0.10040	0.08362	1.32899
2000	1.00	0.18067	0.14920	0.06067	1.39054
2001	1.00	0.17277	0.11070	0.06399	1.34746
2002	1.00	0.20417	0.10420	0.05690	1.36527
2003	1.00	0.21447	0.10790	0.05120	1.37357
2004	1.00	0.20384	0.09770	0.04476	1.34630
2005	1.00	0.19624	0.08410	0.04224	1.32258
2006	1.00	0.17614	0.09850	0.03691	1.31155
2007	1.00	0.16564	0.08220	0.03272	1.28056

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2007.

Property Tax Levies, Collections and Delinquencies

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

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

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

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

City of Oxnard
Property Tax Levies, Collections and Delinquencies
Fiscal Years 1998 through 2007

Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percentage of Tax Levy
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	100.45	90,164	23,574,731	100.83
2002	25,900,000	25,718,029	99.30	284,711	26,002,740	100.40
2003	30,040,000	29,892,747	99.51	190,546	30,083,293	97.32
2004	35,432,169	35,281,916	99.58	344,390	35,626,306	99.99
2005	44,743,658	49,223,170	110.01	126,250	49,349,420	110.29
2006	54,511,910	58,537,770	107.39	132,403	58,670,173	107.63
2007	59,401,879	68,429,117	115.20	129,679	68,558,796	115.42

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2007.

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
Fiscal Years 1998 through 2007

Year Ended June 30	Real Property Assessed Value	Personal Property Assessed Value	Exemptions	Total Assessed Value
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	8,107,841,317
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
2006	13,220,739,863	120,544,440	1,835,609,239	11,505,675,064
2007	15,001,093,942	147,705,238	2,126,175,049	13,022,624,131

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2007.

Principal Taxpayers

The following table lists the principal taxpayers in the City as of June 30, 2007.

City of Oxnard Principal Taxpayers

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Procter & Gamble Paper Products Company	\$ 270,310,165	1.785%
St. John's Regional Medical Center	203,332,361	1.343
710 Del Norte LLC	94,600,000	0.063
Essex Tierra Vista Limited Partnership	78,010,211	0.515
SI VIII LLC	77,910,667	0.514
EF Oxnard LLC	75,276,100	0.497
DR Horton LA Holding Company	74,605,839	0.493
Standard Pacific Corporation	74,017,134	0.489
Fred Kavli	63,613,687	0.420
Duesenberg Investment Company	62,725,278	0.414
RiverPark A & B LLC	60,178,658	0.397
Haas Automation Inc.	57,975,700	0.383
Weyerhaeuser Company	51,828,300	0.342
Centro Watt Properties Owner I LLC	49,090,231	0.324
BMW of North America, Inc.	42,070,446	0.278
Other Taxpayers	<u>13,808,289,724</u>	<u>91.181</u>
Totals	\$15,143,834,501	100.000% ⁽¹⁾

(1) Total may not add due to rounding.

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2007.

Outstanding Debt

The City uses a variety of tax increment, revenue, and lease indebtedness to finance various capital acquisitions. The outstanding balances for indebtedness during the last 10 fiscal years are set forth in the following table:

City of Oxnard Outstanding Debt 1998 through 2007

<u>Fiscal Year</u>	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		<u>Total Outstanding Debt</u>
	<u>Revenue Bonds</u>	<u>Certificates of Participation</u>	<u>Tax Allocation Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	
1998	\$16,193,000	---	\$16,630,000	\$1,693,752	\$ 96,662,129	---	\$131,178,881
1999	14,541,000	\$8,980,000	16,140,000	1,425,696	93,118,592	---	134,205,288
2000	12,285,000	8,805,000	15,620,000	1,163,893	89,448,949	---	127,322,842
2001	10,705,000	8,625,000	15,065,000	891,305	85,646,884	\$1,401,008	122,334,197
2002	9,080,000	8,440,000	14,475,000	604,201	88,945,000	1,215,752	122,759,953
2003	9,535,000	8,245,000	13,850,000	307,187	84,030,000	2,824,171	118,791,358
2004	22,874,301	8,045,000	19,185,000	1,729,354	214,035,699	2,916,139	268,785,493
2005	21,607,009	7,835,000	18,635,000	1,412,398	236,943,314	2,469,070	288,901,791
2006	19,975,756	7,620,000	18,030,000	1,086,013	298,559,567	2,010,676	347,282,012
2007	43,109,750	7,395,000	37,940,000	749,911	292,625,260	1,536,788	383,356,709

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2007.

Employment

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

City and County Labor Force and Unemployment Figures (2002 through 2007)				
Year	City		County	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate
2002	84,800	8.3%	408,000	5.8%
2003	85,800	8.3	412,900	5.8
2004	86,200	7.8	415,600	5.4
2005	87,100	6.8	421,200	4.7
2006	87,400	6.0	425,400	4.3
2007	88,400	6.6	431,400	5.4

Source: State of California, Employment Development Department.

Taxable Retail Sales

Consumer spending in calendar year 2005 resulted in \$2,299,725,000 in taxable sales in the City, which is approximately 5.9% above calendar year 2004. The following table sets forth information regarding taxable sales in the City for each type of business for calendar years 2001 through 2005.

City of Oxnard Taxable Retail Sales by Type of Business 2001 - 2005 (000s)					
	2001	2002	2003	2004	2005
Apparel stores	\$ 46,037	\$ 53,650	\$ 50,399	\$ 52,822	\$ 52,493
General merchandise stores	257,339	273,297	290,338	305,784	318,237
Food stores	64,173	67,002	73,061	75,013	88,779
Eating and drinking places	133,815	145,771	153,932	163,844	170,252
Home furnishings and appliances	54,840	76,151	102,279	100,961	103,361
Building materials and farm implements	205,872	200,206	206,417	225,380	242,899
Auto dealers and auto supplies	412,761	472,647	513,072	538,817	535,695
Service stations	93,812	94,533	113,140	134,002	150,908
Other retail stores	197,837	204,148	213,714	225,512	231,290
Total Retail Outlets	1,466,486	1,587,405	1,716,352	1,822,135	1,893,914
All Other Outlets	308,660	313,131	322,866	350,471	405,811
Total All Outlets	\$1,775,146	\$1,900,536	\$2,039,218	\$2,172,606	\$2,299,725

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 approximately 33 acres from the Navy in 1997 has enabled it to increase facilities for importing foreign automobiles. Automobile imports increased by 12.7% in 1997, making the Port one of the top 10 entry points in the 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. United Express and American Eagle provide feeder service to Los Angeles International Airport. Local bus service is provided by South Coast Area Transit System (SCAT), a regional public transit agency funded by the County and member cities. Service is available in Ojai, Ventura, Oxnard, and Port Hueneme. The Greyhound bus line provides passenger and parcel service from its Oxnard station. Great American Stagelines provides passenger services between Oxnard and Los Angeles every hour. A multi-modal transportation center located in downtown Oxnard brings together all these forms of transportation.

Education

There are 29 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 7,100 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 50 minute drive.

Recreation

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

The City owns 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.

City's Investment Policy

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

Introduction. The following statement of the City's Investment Policy is intended to provide guidelines for the prudent investment of surplus funds of the City, and to outline the policies for maximizing the efficiency of the City's cash management system. It is the policy of the City to invest public funds in a manner which will provide high investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U.S. Agencies. The purchase of instruments of, or issued by, a federal agency or a United States government-sponsored enterprise will be limited to a maximum maturity of five years. Such agencies include, but are not limited to, the Federal Farm Credit Bank, Federal Home

Loan Bank, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Tennessee Valley Authority, and the Federal National Mortgage Corporation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Safekeeping and Custody. Security transactions entered into by the City shall be conducted on a delivery-versus-payment basis. Securities of duration exceeding 30 days to maturity shall be held by a

third party custodian designated by the City Treasurer. Evidence of account for each time deposit will be held in the Treasury vault.

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

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

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

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

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

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

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

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

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

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

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

Financial Statements per GASB 31. City Treasurer will provide the portfolio's market value gains/losses to Finance to be incorporated in the fiscal year end balance sheet in accordance with Rule 31 of the Government Accounting Standards Board ("GASB").

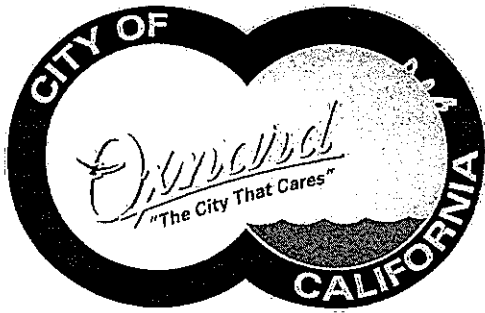
California Debt and Investment Advisory Commission. Effective January 1, 2001, investment reports issued to City Council will also be distributed semi-annually to the California Debt and Investment Advisory Commission.

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

APPENDIX C

OXNARD COMMUNITY DEVELOPMENT COMMISSION COMPREHENSIVE ANNUAL FINANCIAL REPORT JUNE 30, 2007

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OXNARD COMMUNITY DEVELOPMENT COMMISSION

Prepared By
Finance Department
Susan Winder, Interim Finance Director

(A Component Unit of the City of Oxnard, California)
Comprehensive Annual Financial Report
June 30, 2007

*Community Development Commission
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007*

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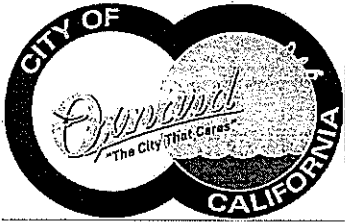
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November 30, 2007

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, 2007. 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 results of operations, 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.

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 fund 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, 2007:

	Fair Value
Cash Managed by the City	\$ 28,306,530
Cash with Fiscal Agents	23,225,966
Total	\$ 51,532,496

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

	2007	2006	2005
Average Annual Yield	5.12%	3.37%	2.76%

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, 2007, are as follows:

Tax Allocation Bonds	\$	37,457,700
Notes and Loans Payable		-0-
Total Long-Term Indebtedness	\$	37,457,700

SIGNIFICANT ACCOMPLISHMENTS FOR FISCAL YEAR 2006-2007

COMMUNITY DEVELOPMENT DEPARTMENT

Accomplishments for Fiscal Year 2006-2007 are outlined below:

2006 Tax Allocation Bond - Assisted with the issuance of a \$20,530,000 tax allocation bond for the reconstruction of streets in the Southwinds, Ormond Beach and HERO Project Areas. Bond proceeds were appropriated in the 2006-2007 Budget. Coordination between the Public Works Department and the Community Development Commission (CDC) for the reconstruction of the streets is anticipated to occur in fall 2007.

Centennial Plaza – Phase I Retail Shops completion occurred June 2007. All Phase I shop spaces are open for business.

City-Wide Enhancement Program (CWEP) - Participated in the deployment of the City's Mobile Satellite City Hall program at Centerpoint Mall and will continue to participate in all neighborhood visits scheduled for 2006-2007.

Community Development Department Web Page - Maintained and updated department web page to provide answers to typical redevelopment questions and updates on current projects, and outline future activities. The web page is also linked to the CDC's Retail Website which promotes retail leasing and development opportunities throughout the City, and links for internet users to access Community Development Maps.

Downtown Code Compliance/Design and Public Education Program - Continued the monthly meetings with Planning and Environmental Services Division and Code Compliance personnel to monitor compliance with zoning and permit requirements. The Development Guidelines for

signage, façade, and window treatments produced in 2002 continue to be effective in assisting merchants with understanding the various permit and zone clearance requirements. The Design Guidelines for “signs” and the Central Business District (CBD) Design Criteria for Over-the-Counter Downtown Design Review Permits Guide are both available in Spanish to better assist some of our merchants in understanding the process.

Downtown Façade and Paint Improvement Program - Developed a Façade and Paint Improvement Program to assist Downtown businesses in enhancing the exteriors of their buildings, including improved signage, lighting, landscaping, awnings, and other building treatments. The program includes financial assistance for both architectural services and physical improvements. The program was introduced in July 2006. By June 2007, 30 applications have been received for various types of façade improvements.

Downtown Lighting Improvement Program Phase II - This is the second phase of the CDC’s 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 the Downtown. Phase II of the Lighting Improvement Program will encompass the Meta Street area between Fifth Street and Wooley Road, on the east side of Oxnard Boulevard, and will be combined with the Downtown Parking Lot Improvement Program Phase II.

Downtown Oxnard Market Place - Entered into a second Exclusive Negotiation Agreement with Oxnard Plaza Associates, LLC for the planning and possible development of the Marketplace in Downtown Oxnard.

Downtown Parking Improvement Program Phase II - The second phase of the Parking Lot Improvement Program will encompass the Meta Street area between Fifth Street and Wooley Road, on the east side of Oxnard Boulevard. Two Downtown public parking lots and eight alleys have been identified for these infrastructure improvements. Construction began in June 2007 and should be completed in September 2007.

Downtown Parking Lot Management Plan - Enlisted the services of parking consultants Nelson-Nygaard to provide a parking management plan for downtown to determine current and future parking needs, revenue sources, transportation systems.

Downtown Parking Structure - Served as the Downtown community liaison during the construction of the four-level, 450-space parking structure, completed in July 2005.

Downtown 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. CDC staff has also worked jointly with the PBID to improve communication between the business community and the City and address operational and maintenance issues. The City Council has, upon receiving a majority vote of the property owners, authorized the renewal of the PBID for another five years (FY 2006-07 through FY 2010-2011).

Downtown Residential Development Heritage Walk - Completed a 12-unit for-sale townhome project at the northwest corner of Seventh and “A” Streets. This project consists of 8 market-rate and 4 affordable units. Six of the 12 units have a Live-Work option floor plan.

Downtown Residential Development Hacienda Guadalupe Townhomes – Assisted with a 27-unit for-sale townhome project in the Meta Street area. All units are affordable. Construction is anticipated to be completed by June 2007.

Downtown Street Tree and Sidewalk Replacement Project – CDC oversight of project funded by bond proceeds that commenced January 2007 for sidewalk replacement, curb and gutter upgrades, landscaping, site furnishings and underground electrical.

Downtown Tax Allocation Refunding Bond (TARB) - Refinanced the TARB 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.

Gateway Sign Program Implementation - New gateway street name signs are being installed in new subdivisions. Existing street name signs and wayfinding signs that are in need of replacement due to damage or wear and tear are being changed out to the new Gateway designs. A Pleasant Valley Road entry street monument sign was installed. A preliminary application has been submitted to Caltrans for a freeway pylon sign at southbound Vineyard Avenue and northbound Del Norte Boulevard. Twenty-three new wayfinding signs are being ordered.

Heritage Square Consulting Services - Coordinated the recent Heritage Square Consulting Services Request For Proposal process and interview panel for hiring of property management, maintenance, facility leasing and special events coordinator.

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.

Ormond Beach Economic Development - Continued promoting business retention and attraction activities and assisted companies in upgrading and expanding their facilities where feasible. Supported the Economic Development Corporation of Oxnard (“EDCO”) in promoting economic development opportunities in the project area to corporations statewide.

Ormond Beach Wetlands Restoration – Worked to protect, restore and enhance the wetlands and other coastal resources in Ormond Beach.

Retail Attraction - Updated retail attraction brochure marketing the City and highlighting potential development opportunities. Attended local, regional and national retail trade shows and placed advertisements in trade show publications. Established and maintained a computer database of contacts within the commercial development, brokerage and retail communities for follow-up meetings and City tours. Updated the CDC’s Retail Website providing information on available commercial properties in Oxnard, and revised demographics and traffic counts to reflect current statistics. Responded daily to website users that utilize the “Contact Us” page for additional information.

RiverPark - RiverPark is in the process of conveying Lot 19 to Cabrillo Economic Development Corporation for the delivery of 140 extremely and very low-income rental units. Construction is expected to start in the first quarter of 2008. Of the 252 required low- and moderate-income affordable for-sale homes, approximately 79 have closed escrow, 11 are for sale, and 162 homes are either under design or in plan check.

South Oxnard Revitalization - Having completed the renovation of 43 of the 57 medians in Saviers, Hueneme and Pleasant Valley Roads, the program is now 75% complete. The four medians on Pleasant Valley Road were the most recent improvements to be completed. The design of the final three groups of medians is complete; these improvements are to be included in the Saviers Road Resurfacing Project and are expected to be constructed in spring 2008.

Southwinds Neighborhood Revitalization - Continued to use the private/public Southwinds Team and Weed and Seed to administer programs created to reduce crime, eliminate blight and enhance quality of the living environment. Eight owner-occupied and one multifamily investor rehabilitation loans were approved. Three security lighting and fencing loans were approved utilizing upgraded fencing design and quality.

Vineyard/Esplanade Retail - Continuous contact with retail building and shopping center owners and tenants to encourage the enhancement of their building exteriors subsequent to completion of the contiguous Esplanade redevelopment project. Three projects were completed during FY 2006-07: the 24-Hour Fitness building on Esplanade Drive, the Big Five Center on Vineyard Avenue and the adjacent Goodyear Tire building on Vineyard Avenue.

Other miscellaneous retail projects - These projects include various levels of involvement with such retailers as Vons to locate a store at Oxnard's new Seabridge Marketplace; recruitment of Walgreen's and Starbucks to South Oxnard; formulation of maintenance and landscaping upgrade requirements for Wal-Mart as conditions for approval of its new expansion at Shopping at the Rose.

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, 2007. Their opinion is included in the Financial Section of this report.

Acknowledgments

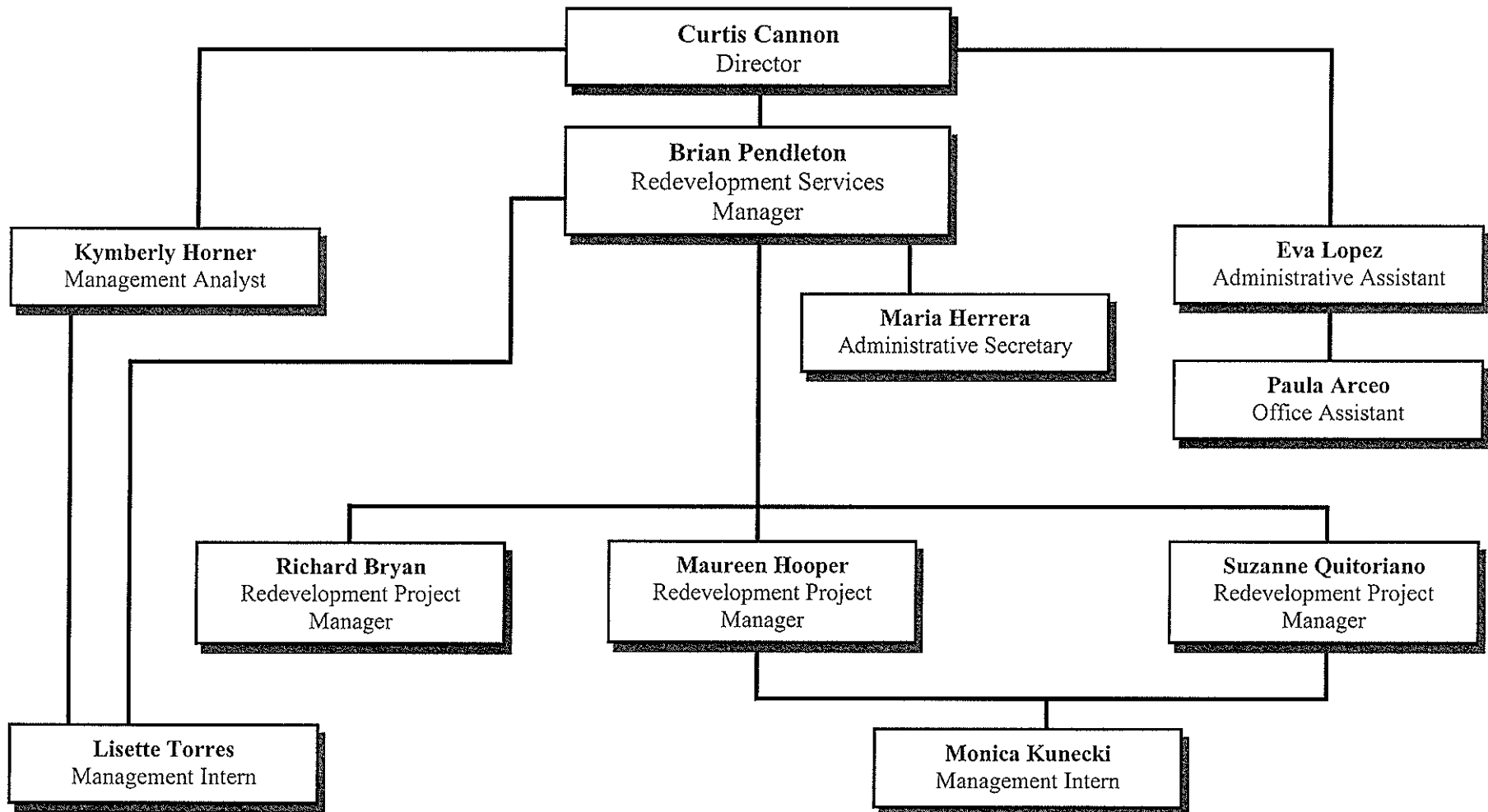
The preparation of the Commission's Comprehensive Annual Financial Report could not have been accomplished without the efficient dedicated services of the entire staff of the Finance Department and Community Development Commission. Appreciation is also extended to the Commission's Board, City Manager, Assistant City Manager, and Deputy City Manager whose leadership and commitment are vital to the growth and stability of the Community Development Commission.

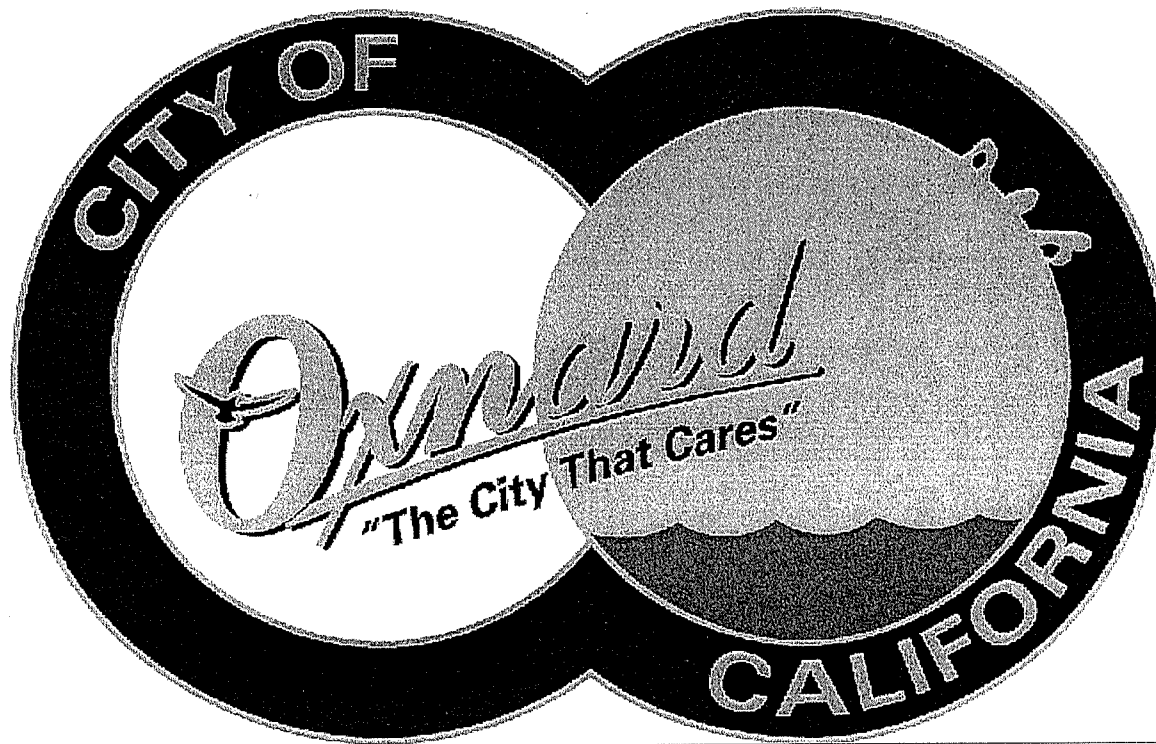
Respectfully submitted,


Susan Winder
Interim Finance Director

City of Oxnard, California
Community Development Commission

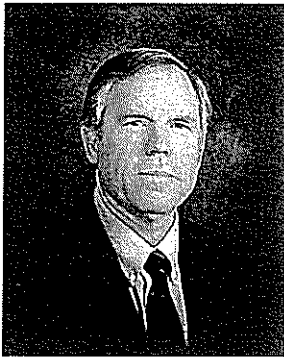
Organizational Chart



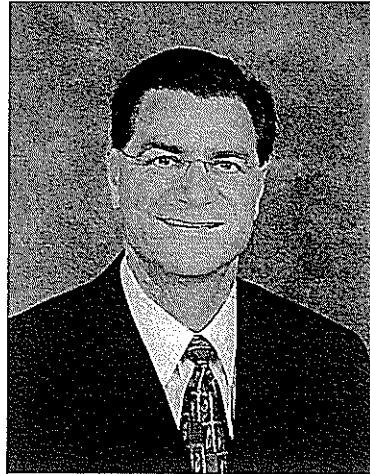


City of Oxnard, California

CITY COUNCIL



DEAN MAULHARDT
Mayor Pro Tem



DR. THOMAS E. HOLDEN
Mayor



JOHN C. ZARAGOZA
Councilmember



ANDRES HERRERA
Councilmember



TIMOTHY B. FLYNN
Councilman



EDMUND F. SOTELO
City Manager

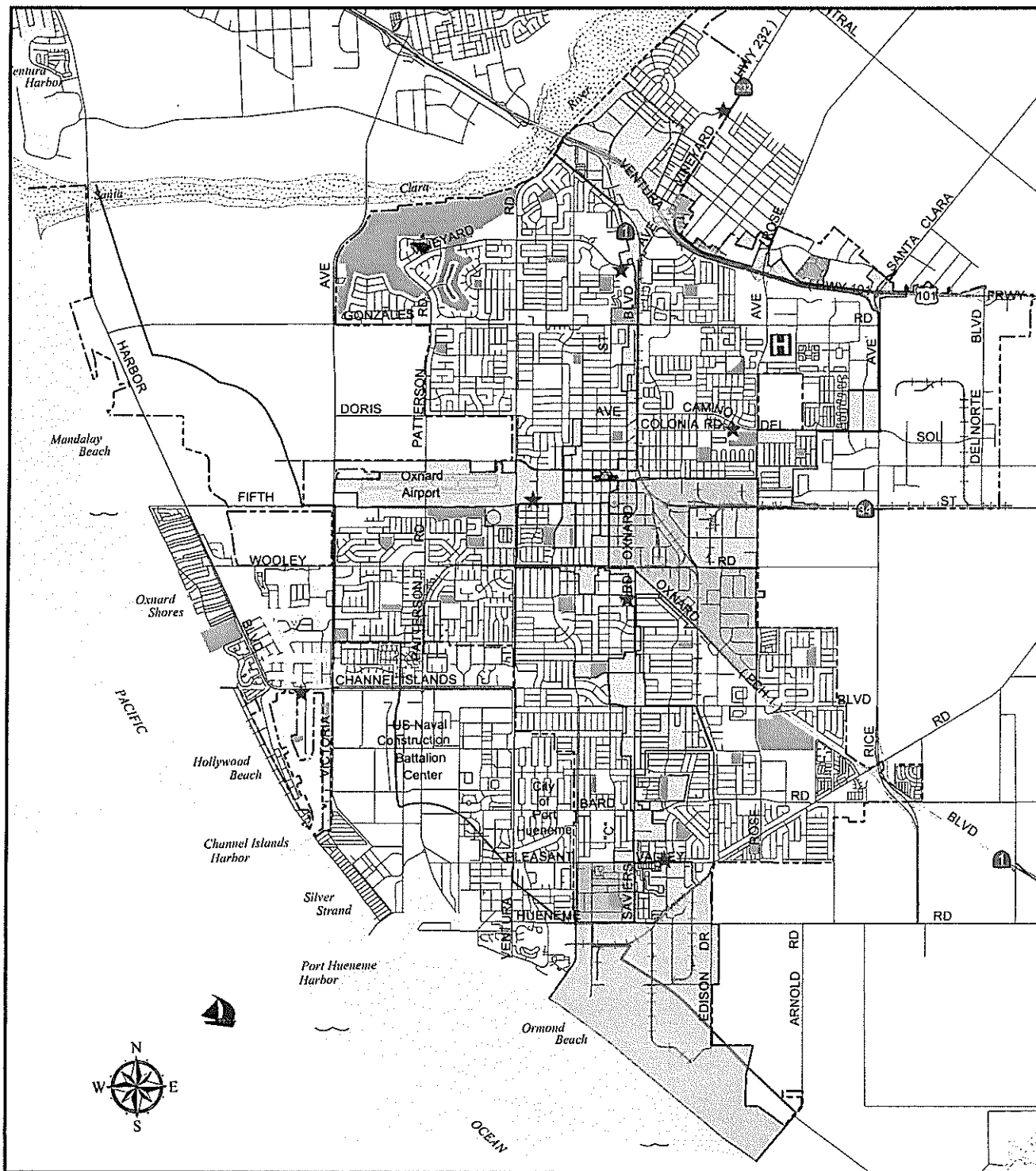
City of Oxnard Organizational Chart

Residents		
City Treasurer Dale Belcher	City Council Dr. Thomas E. Holden, Mayor Dean Maulhardt, Mayor Pro Tem John C. Zaragoza, Councilmember Andres Herrera, Councilmember Timothy B. Flynn, Councilman	City Clerk Daniel Martinez Elections Information Resources
City Attorney Gary Gillig Debt Collection Legal Assistance Special Litigation	City Manager Edmund Sotelo	CDC 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 Crombach	Joe Milligan	Sal Gonzalez	Susan Winder (Interim)	VACANT	Matt Winegar	Ken Ortega	Edmund Sotelo	Lino Corona (Interim)	Barbara Murray
Administrative Services (Scott Whitney)	Disaster Preparedness (Deborah Shane)	Administrative Services (Carrie Sabatini)	Budget and Capital Improvement Budget	Community Facilities (Bob Holden)	Development Support	Streets & Waterways (Daniel Rydberg)	Operations	Employee Benefits	Carnegie Art Museum
Emergency Communications	Emergency Services (Darwin Base)	Affordable Housing (Ernie Whitaker)	Capital Improvement Projects	Performing Arts and Convention Center	Development Services (Rob Roshanian)	Inland Waterways	Budget	Employee Training	Circulation Services
Professional Standards	(Michael O'Malia) (Chris Donabedian)	Housing Assistance (Arturo Casillas)	Customer Service (Eden Alomeri)	Recreation & Community Services (Gil Ramirez)	Development Services	Parking Lots	Cable Television	Human Resources	Branch Services
Support Services	Fire Prevention (Gary Sugich)	Modernization (Vacant)	Business Licensing	Recreation Services	Planning (Sue Martin)	Street Maintenance & Repair	Community Relations	Labor Negotiations	Community Outreach
Field Operations (Mike Matlock)	CUPA (Steve Mattern)	Property Services (Rick Shear)	Utility Billing	Senior/Special Population Services	Planning & Environmental Services	Traffic Signs & Markings	Neighborhood Services	Safety & Wellness	Public Services
Code Enforcement			Financial Resources (Mike More)	South Oxnard Center	Transportation	Engineering Services (Rob Roshanian)	Public Information	Workers' Compensation	Support Services
Community Patrol			Debt & Property Management	Special Events	Transportation Planning & Services	Construction Services	Special Projects		
Investigative Services (Jason Benites)			Liability Management	Youth Development		Design	Legislative Affairs (Martin Erickson)		
Investigative Services			General Accounting (Lettie De Dios)			Fleet Services (Dan Berlenbach)	Information Systems (Grace Hoffman)		
Special Services			Accounting			Parks & Facilities (Michael Henderson)	Citywide Network Support		
			Payroll & Benefits			Facilities Maintenance	Wastewater (Anthony Emmert)	Document Publishing Services	
			Grants Management (Norma Owens)			Landscape Assessment & Graffiti Removal	Flood Control	Geographic Information Systems	
			Grants Assistance			Park/Facility Development	Storm Water Quality	Help Desk	
			Purchasing (Bruce Dandy)			Parks Maintenance	Technical Services	Municipal Software Support	
			Mail Service			River Ridge Golf Course	Treatment Services	Telecommunications Support	
			Purchasing			Street Lighting	Water (Anthony Emmert)		
							Distribution		
							Procurement		
							Production		
							Water Services		



LEGEND

- CENTRAL CITY REVITALIZATION PROJECT (CCRP)**
- Adopted R-108 (20 Acres) May 4, 1968
 - Expiration Jan 1, 2009
 - Adopted CCRP (568 Acres) .. Jan 6, 1976
 - Expiration Jan 5, 2016
 - Merged Jul 18, 2000
- HISTORIC ENHANCEMENT AND REVITALIZATION OF OXNARD (HERO)**
- Area 2,229 Acres
 - Adopted April 7, 1998
 - Expiration .. April 6, 2028
- ORMOND BEACH**
- Area 1,334 Acres
 - Adopted November 15, 1983
 - Expiration .. November 21, 2023
- SOUTHWINDS**
- Area 131 Acres
 - Adopted June 18, 1985
 - Expiration .. June 17, 2025
- HERO AMENDED**
- Area.....85 Acres
 - Adopted.....March 23, 2004
 - Expiration.....March 22, 2034
- OXNARD CITY LIMITS
- SPHERE OF INFLUENCE BOUNDARY
- LOCAL COASTAL PLAN BOUNDARY

CITY OF OXNARD



November 8, 2007

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 Hoffman 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, 2007, 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, 2007, 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

In accordance with government auditing standards, we have also issued our report dated November 16, 2007, 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.

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, combining fund financial statement, budgetary comparison information, 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.

Mayer Hoffman McCann P.C.

Bakersfield, California
November 16, 2007



Mayer Hoffman McCann P.C.
An Independent CPA Firm

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AND 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, 2007, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 16, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

SOUTHERN CALIFORNIA LOCATIONS

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5060 CALIFORNIA AVENUE, SUITE 800 • BAKERSFIELD, CA 93309 • PH 661.325.7500 • FAX 661.325.7004
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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provision included 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 the 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.

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.

Mayer Hoffman McCann P.C.

Bakersfield, California
November 16, 2007

*Oxnard Community Development Commission
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2007*

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, 2007. 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, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule summarizes the financial position of the Commission as of June 30, 2007:

	2007	2006	Increase (Decrease)
Assets			
Current and other assets	\$ 58,856,163	\$ 32,920,056	\$ 25,936,107
Capital assets	29,835,673	26,159,146	3,676,527
Total assets	88,691,836	59,079,202	29,612,634
Liabilities			
Current and other liabilities	3,874,630	4,401,236	(526,606)
Long-term liabilities	37,457,700	17,951,413	19,506,287
Total liabilities	41,332,330	22,352,649	18,979,681
Net assets			
Invested in capital assets (net of related debt)	12,494,437	8,207,733	4,286,704
Restricted net assets	28,897,380	10,810,139	18,087,241
Unrestricted	5,967,689	17,708,681	(11,740,992)
Total net assets	\$ 47,359,506	\$ 36,726,553	\$ 10,632,953

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 \$25.9 million or 78.79 percent. The increase in cash is due to an increase in the tax increment revenue and proceeds from sale of bonds. Likewise, long-term liabilities increased by \$19.5 million, a 108.66 percent increase due to the issuance of \$20.5 million Tax Allocation Bonds Financings in December 2006.

At the end of Fiscal Year 2006-2007, the current and other assets are 66.36 percent of total assets, with the remaining 33.64 percent representing capital assets, net of accumulated depreciation. The total net assets of the Commission increased 28.95 percent at June 30, 2007.

The increase of \$10,632,953 mainly derives from the increase in property tax increment revenue and proceeds from sale of bonds.

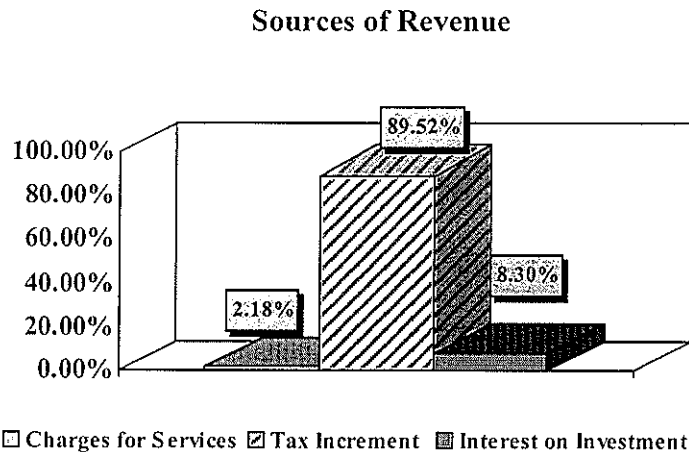
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2007, the Commission's net assets are \$47,359,506.

The following presents the change in net assets for the Commission's governmental activities for the year ended June 30, 2007:

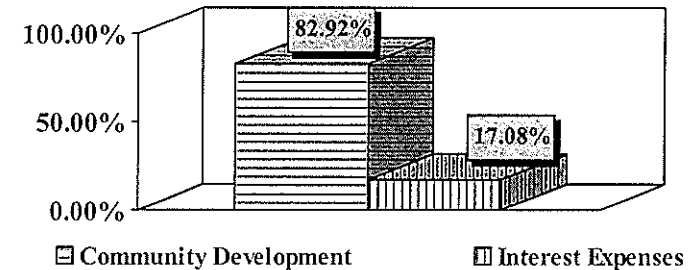
	2007	2006	Increase (Decrease)
Revenues			
Program revenues:			
Charges for services	\$ 422,837	\$ 797,925	\$ (375,088)
General revenues			
Tax increment	17,342,637	14,420,464	2,922,173
Interest on investments	1,607,842	846,384	761,458
Proceeds from sale of property	—	1,972,530	(1,972,530)
Total revenues	19,373,316	18,037,303	1,336,013
Expenses			
Community development	7,247,095	9,061,369	(1,814,274)
Interest expenses	1,493,268	879,295	613,973
Total expenses	8,740,363	9,940,664	(1,200,301)
Excess (deficiency) before transfers	10,632,953	8,096,639	2,536,314
Changes in net assets	\$ 10,632,953	\$ 8,096,639	\$ 2,536,314

Oxnard Community Development Commission
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2007

The following table presents the Commission's sources of revenue for the year ended June 30, 2007:



Functional 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.

Total revenues for the governmental funds for Fiscal Year 2006-2007 were \$19,373,316 while expenditures amounted to \$12,438,423, which resulted in an excess of revenues over expenditures of \$6,934,893 for the year. The following table shows the results of operations for each major fund for Fiscal Year 2006-2007:

FINANCIAL ANALYSIS OF MAJOR FUNDS

The Commission's total revenues for Fiscal Year 2006-2007 amounted to \$19,373,316, an increase of 7.41 percent from prior fiscal year amount of \$18,037,303. The Commission's major source of revenue is tax increment revenue, which represents 89.52 percent of total revenues. The Commission's total expenses were \$8,740,363 for the year ended June 30, 2007, a decrease of 12.07 percent.

	2007	2006	Increase (Decrease)
Central City Redevelopment	\$ (280,232)	\$ (7,719)	\$ (272,513)
Downtown Renewal Project	344,089	279,982	64,107
Southwinds Redevelopment Project	883,843	506,942	376,901
Ormond Beach Redevelopment Project	1,299,729	1,042,733	256,996
HERO Project	6,248,956	4,401,083	1,847,873
Housing Set-Aside	(1,561,492)	(978,115)	(583,377)
Debt Service Fund	—	(5,260,621)	5,260,621
Total	\$ 6,934,893	\$ (15,715)	\$ 6,525,117

*Oxnard Community Development Commission
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2007*

For the current Fiscal Year 2006-2007, the variances of revenues and expenditures compared to prior year for each major fund are as follows:

- The Central City Revitalization Project Fund had an increase of 21.28 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 an increase of 29.82 percent in expenditures due to more capital outlay expenditures during the year.
- The Downtown Renewal Project Fund had an increase in revenue of 42.72 percent due to an increase in property tax increment. The increase in expenditures of 207 percent was due to the fund's increased share of allocated administrative expenses from 1.15 percent in Fiscal Year 2005-2006 to 6.00 percent in Fiscal Year 2006-2007.
- The Southwinds Redevelopment Project Fund had an increase of 97.82 percent in revenue due to higher property tax increments collected. The increase in expenditures of 128.70 percent from prior fiscal year is due to Southwinds tax increment pass-through paid in Fiscal Year 2006-2007.
- The increase in revenues for Ormond Beach Redevelopment Project Fund from prior year is less than one percent. Expenditures decreased by 12.65 percent due to prior year payment of the ERAF assessment.
- The increase in H.E.R.O. Redevelopment Project Fund revenues for Fiscal Year 2006-2007 of 24.50 percent from prior year is due

to an increase in property tax assessed valuations. The decrease in expenditures of 7.52 percent is due to prior year's payment of ERAF Assessment.

- The decrease in revenue for the Housing Set-Aside Fund for the Fiscal Year 2006-2007 of 32.28 percent from prior year is due to a decrease in interest earned on investment and miscellaneous income. The increase in expenditures of 23.35 percent is due to an increase in administrative costs and capital outlay improvement costs.
- The excess of revenues over expenditures from Fiscal Year 2006-2007 is due to increases in tax increment collected.

CAPITAL ASSETS

The Commission's investment in capital assets for its governmental activities as of June 30, 2007, amounts to \$29,835,673 (net of depreciation). The Commission's capital assets include land, buildings, and other improvements, machinery and equipment, and construction in progress. The Commission's investments in capital assets increased by 14.05 percent due to increase in construction in progress.

Major capital assets additions during Fiscal Year 2006-2007 related to improvement of projects for sign/image rehabilitation, street lighting, landscape and graffiti program, median improvements, affordable housing and housing rehabilitation.

Oxnard Community Development Commission
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2007

The following table provides a breakdown of the Commission's capital assets at June 30, 2007:

Governmental Activities	2007	2006	Increase (Decrease)
Land, buildings, and improvements	\$ 28,395,451	\$ 27,375,213	\$ 1,020,238
Construction in progress	4,751,129	1,425,884	3,325,245
Equipment and machinery	115,084	115,084	—
Total	33,261,664	28,916,181	4,345,483
Accumulated depreciation	(3,425,991)	(2,757,035)	(668,956)
Total capital assets (net)	\$ 29,835,673	\$ 26,159,146	\$ 3,676,527

	2007	2006	Increase (Decrease)
Tax Allocation Refunding Bonds, Series 2004A	\$ 17,410,000	\$ 18,030,000	\$ (620,000)
Notes and loans payable	20,530,000	—	20,530,000
Unamortized discounts	(482,300)	(78,587)	(403,713)
Total long-term indebtedness	\$ 37,457,700	\$ 17,951,413	\$ 19,506,287

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.

DEBT ADMINISTRATION

The Commission uses a variety of tax increment and loan indebtedness to finance various capital improvement projects. At June 30, 2007, the Commission's long-term debt outstanding for governmental activities was \$37,457,700.

The following table provides a breakdown of the Commission's outstanding indebtedness as of June 30, 2007:

BASIC FINANCIAL STATEMENTS

Oxnard Community Development Commission

Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 28,306,530
Investments with fiscal agents	23,225,966
Accounts and other receivables (net of allowance for uncollectible)	29,061
Notes receivable	1,265,469
Properties held for resale	4,646,071
Other assets	1,383,066
Capital assets not being depreciated:	
Land	1,526,789
Construction in progress	4,751,129
Capital assets (net of accumulated depreciation)	
Buildings	467,283
Machinery and equipment	3,680
Other improvements	23,086,792
Total assets	<u>88,691,836</u>
Liabilities	
Accounts payable	645,578
Other liabilities	432,817
Due to other governments	796,235
Due to City of Oxnard	2,000,000
Non-current liabilities:	
Due within one year	844,229
Due in more than one year	37,095,771
Less: unamortized discounts	(482,300)
Total liabilities	<u>41,332,330</u>
Net assets	
Invested in capital assets (net of related debt)	12,494,437
Restricted for:	
Community services	1,230,241
Capital projects	26,401,670
Other purposes	1,265,469
Unrestricted	5,967,689
Total net assets	<u>\$ 47,359,506</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, 2007

		Program Revenues	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Charges for Services	Governmental Activities
Governmental Activities:			
Community development	\$ 6,578,139	\$ 422,837	\$ (6,155,302)
Depreciation	668,956	—	(668,956)
Interest on long-term debt	1,493,268	—	(1,493,268)
Total governmental activities	<u>\$ 8,740,363</u>	<u>\$ 422,837</u>	<u>\$ (8,317,526)</u>
General revenues:			
Tax increment			\$ 17,342,637
Earnings on investments			1,607,842
Total general revenues			<u>18,950,479</u>
Changes in net assets			10,632,953
Net assets beginning			36,726,553
Net assets ending			<u>\$ 47,359,506</u>

The notes to the financial statements are an integral part of this statement.

Oxnard Community Development Commission

Balance Sheet Governmental Funds June 30, 2007

	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	\$ 1,956,132	\$ 577,383	\$ 2,839,932	\$ 2,009,523	\$ 11,244,024	\$ 9,679,536	\$ —	\$ 28,306,530
Investments with fiscal agents	4,012,681	—	3,079,555	5,381,987	10,751,743	—	—	23,225,966
Accounts and other receivables	29,061	—	—	—	—	—	—	29,061
Notes receivable	1,129,996	117,600	17,873	—	—	—	—	1,265,469
Properties held for resale	4,518,871	127,200	—	—	—	—	—	4,646,071
Total assets	\$ 11,646,741	\$ 822,183	\$ 5,937,360	\$ 7,391,510	\$ 21,995,767	\$ 9,679,536	\$ —	\$ 57,473,097
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ 426,798	\$ 1,745	\$ 1,709	\$ 133,504	\$ 77,791	\$ 4,031	\$ —	\$ 645,578
Other liabilities	—	—	—	260	—	—	—	260
Due to other governments	(13,312)	—	421,780	384,677	3,090	—	—	796,235
Due to City of Oxnard	2,000,000	—	—	—	—	—	—	2,000,000
Total liabilities	2,413,486	1,745	423,489	518,441	80,881	4,031	—	3,442,073
Fund balances:								
Reserved:								
Capital projects	2,542,314	—	3,079,555	5,381,987	10,751,743	—	—	21,755,599
Notes receivable	1,129,996	117,600	17,873	—	—	—	—	1,265,469
Debt service	—	—	197,025	344,397	688,819	—	—	1,230,241
Properties held for resale	4,518,871	127,200	—	—	—	—	—	4,646,071
Unreserved reported in:								
Capital project funds	1,042,074	575,638	2,219,418	1,146,685	10,474,324	9,675,505	—	25,133,644
Total fund balances	9,233,255	820,438	5,513,871	6,873,069	21,914,886	9,675,505	—	54,031,024
Total liabilities and fund balances	\$ 11,646,741	\$ 822,183	\$ 5,937,360	\$ 7,391,510	\$ 21,995,767	\$ 9,679,536	\$ —	\$ 57,473,097

The notes to the financial statements are an integral part of this statement.

Oxnard Community Development Commission

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
For the Year Ended June 30, 2007**

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

Total fund balances - governmental funds	\$ 54,031,024
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,835,673
Unamortized discounts used in governmental activities are not financial resources and therefore are not reported in the funds.	1,383,066
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(432,557)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(37,457,700)
Net assets of governmental activities (page 11)	<u>\$ 47,359,506</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, 2007

	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	\$ 3,167,993	\$ 428,847	\$ 1,606,663	\$ 2,762,558	\$ 7,861,775	\$ —	\$ 1,514,801	\$ 17,342,637
Interest income	461,116	18,956	158,182	144,771	481,950	342,867	—	1,607,842
Rental income	15,923	—	—	—	—	—	—	15,923
Miscellaneous	189,782	23	—	—	127,918	89,191	—	406,914
Total revenues	3,834,814	447,826	1,764,845	2,907,329	8,471,643	432,058	1,514,801	19,373,316
Expenditures								
Current:								
Community development:								
Salaries and wages	232,520	60,657	60,657	101,097	353,835	646,944	—	1,455,710
County administrative charges – property tax	62,827	8,205	26,683	36,902	130,367	—	—	264,984
Assessment district payment	120,000	—	—	—	—	—	—	120,000
Tax increment pass-through	116,757	—	630,602	1,314,320	1,431,396	—	—	3,493,075
Indirect prorated cost charges	114,699	—	30,847	18,776	31,718	—	—	196,040
Interfund prorated charges	—	—	—	—	—	—	—	—
Other administrative costs	239,346	18,787	74,062	75,959	142,248	81,527	—	631,929
Capital outlay:								
Professional services	214,919	16,088	22,262	60,546	65,362	37,224	—	416,401
Project improvements	3,013,978	—	35,889	—	67,761	1,227,855	—	4,345,483
Debt service:								
Principal	—	—	—	—	—	—	620,000	620,000
Interest and fiscal charges	—	—	—	—	—	—	894,801	894,801
Total expenditures	4,115,046	103,737	881,002	1,607,600	2,222,687	1,993,550	1,514,801	12,438,423
Excess (deficiency) of revenues over expenditures	(280,232)	344,089	883,843	1,299,729	6,248,956	(1,561,492)	—	6,934,893
Other financing sources (uses)								
Proceeds from sale of bonds	—	—	3,039,885	5,312,635	10,613,019	—	—	18,965,539
Transfers in	—	—	—	—	—	3,468,527	—	3,468,527
Transfers out	(907,718)	(85,769)	(325,444)	(559,699)	(1,589,897)	—	—	(3,468,527)
Total other financing sources (uses)	(907,718)	(85,769)	2,714,441	4,752,936	9,023,122	3,468,527	—	18,965,539
Net change in fund balances	(1,187,950)	258,320	3,598,284	6,052,665	15,272,078	1,907,035	—	25,900,432
Fund balances, July 1, 2006	10,421,205	562,118	1,915,587	820,404	6,642,808	7,768,470	—	28,130,592
Fund balances, June 30, 2007	\$ 9,233,255	\$ 820,438	\$ 5,513,871	\$ 6,873,069	\$ 21,914,886	\$ 9,675,505	\$ —	\$ 54,031,024

The notes to the financial statements are an integral part of this statement.

Oxnard Community Development Commission

**Reconciliation of the Change in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2007**

Net change in fund balances - total governmental funds **\$ 25,900,432**

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. (668,956)

Capital outlay expenditures were capitalized and added to the capital assets of governmental funds. 4,345,483

Repayment of long-term obligations is an expenditure in governmental funds, but repayment reduces long-term liabilities in the statement of net assets. 620,000

The amount included in the statement of activities does not provide (or require) the use of current financial resources, and therefore, are not reported as revenue or expenditures in governmental funds (net change): interest expenses (598,467)

Proceeds from sale of bonds (18,965,539)

Changes in net assets of governmental activities (page 12) **\$ 10,632,953**

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, 2007, the fund balance in the Housing Set-Aside Fund amounted to \$9,675,505, of which \$3,976,687 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, 2007, properties held for resale amounted to \$4,646,071.

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, 2007:

	Fair Value
Cash managed by the City - various deposits and investments	\$ 28,306,530
Cash and investments managed by other fiscal agents - U.S. agency securities and money market accounts	23,225,966
Total	\$ 51,532,496

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, 2007, had a total fair value of \$197,460,998. The Commission's share of the City's pooled investments at June 30, 2007, had a total fair value of \$28,306,530.

Oxnard Community Development Commission

*Notes to the Basic Financial Statements
June 30, 2007*

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, 2007.

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.

Oxnard Community Development Commission

Notes to the Basic Financial Statements
June 30, 2007

4. CAPITAL ASSETS

Changes in the Commission's capital assets for the year ended June 30, 2007, are as follows:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,526,789	\$ —	\$ —	\$ 1,526,789
Construction in progress	1,425,884	4,345,483	(1,020,238)	4,751,129
Total capital assets, not being depreciated	\$ 2,952,673	\$ 4,345,483	\$ (1,020,238)	\$ 6,277,918
Capital assets, being depreciated				
Land improvements	—	—	—	—
Buildings	808,433	—	—	808,433
Other improvements	25,039,991	1,020,238	—	26,060,229
Equipment and machinery	115,084	—	—	115,084
Total capital assets, being depreciated	25,963,508	1,020,238	—	26,983,746
Less accumulated depreciation for:				
Land improvements	—	—	—	—
Buildings	(325,830)	(15,321)	—	(341,151)
Other improvements	(2,321,931)	(651,506)	—	(2,973,437)
Equipment and machinery	(109,274)	(2,129)	—	(111,403)
Total accumulated depreciation	(2,757,035)	(668,956)	—	(3,425,991)
Total capital assets, being depreciated, net	23,206,473	351,282	—	23,557,755
Total	\$ 26,159,146	\$ 4,696,765	\$ (1,020,238)	\$ 29,835,673

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, 2007.

Oxnard Community Development Commission

Notes to the Basic Financial Statements
June 30, 2007

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 \$383,034 as of June 30, 2007, 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. The promissory note bears interest at an initial rate of six percent (6%) 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. As of June 30, 2007, the note had an outstanding balance of \$685,662.

The Commission has executed a Theater Lease Guarantee agreement on behalf of the Developer, guaranteeing defined portions of the rent due under the Movie Theater Lease. Any payment made by the Commission under the Theater Lease Guarantee shall be deemed a loan to the Theater Operator, accruing simple interest at the rate of five percent (5%) per annum from the dates of disbursement. In the event that the Commission has made any payment under the Theater Lease Guarantee, the Operator shall reimburse the Commission such amounts plus interest on April 15 of each year following the calendar year in which the Commission makes the first of any such payment and continuing from time to time until all such Commission payments are fully reimbursed. In Fiscal Year 2006-2007, the Commission issued guarantee payments of \$178,900 of which \$61,300 was funded by or disbursed from the Central City Revitalization Project Fund and \$117,600 from the Downtown Renewal Project Fund.

6. LONG-TERM OBLIGATIONS

The following is a summary of changes in the Commission's long-term obligations for the year ended June 30, 2007:

	Balance July 1, 2006	Issued	Retired	Balance June 30, 2007	Amounts Due Within One Year
Governmental activities					
Tax allocation refunding bonds series 2004A	\$ 18,030,000	\$ —	\$ 620,000	\$ 17,410,000	\$ 640,000
2006 Tax Allocation Bond Financings	—	20,530,000	—	20,530,000	260,000
Unamortized discounts	(78,587)	(459,485)	(55,772)	(482,300)	(55,771)
Total	\$ 17,951,413	\$ 20,070,515	\$ 564,228	\$ 37,457,700	\$ 844,229

Oxnard Community Development Commission

Notes to the Basic Financial Statements
June 30, 2007

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, 2007, is \$17,410,000.

2006 Tax Allocation Bond Financings – On December 1, 2006, the City of Oxnard Financing Authority issued a Local Obligation Revenue Bonds (2006 Tax Allocation Bond Financings) in the amount of \$20,530,000 to purchase the following obligations being issued simultaneously by the Oxnard Community Development Commission: i) the Oxnard Community Development Commission Ormond Beach Project Area Tax Allocation Bonds, Series 2006, in the amount of \$5,750,000, ii) the Oxnard Community Development Commission Southwinds Project Area Tax Allocation Bonds, Series 2006, in the amount of \$3,290,000, and iii) the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2006, in the amount of \$11,490,000. The bonds were issued to finance redevelopment activities (street improvement projects) in the Ormond Beach Project Area, Southwinds Project Area, and the HERO Areas. The interest rates of the bonds vary from 3.25 percent to 4.375 percent, maturing on September 1, 2036. The outstanding balance as of June 30, 2007, is \$20,530,000.

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		Tax Allocation Bonds, Series 2006	
	Principal	Interest	Principal	Interest
2008	\$ 640,000	\$ 728,499	\$ 260,000	\$ 922,620
2009	665,000	702,399	410,000	911,283
2010	690,000	680,129	420,000	897,233
2011	710,000	660,509	435,000	882,508
2012	730,000	637,996	450,000	867,020
2013-2017	4,055,000	2,676,451	2,495,000	4,080,314
2018-2022	4,635,000	7,836,937	3,000,000	3,569,926
2023-2027	5,285,000	678,241	3,635,000	2,904,510
2028-2032	—	—	4,475,000	2,050,978
2033-2036	—	—	4,950,000	849,815
Totals	<u>\$ 17,410,000</u>	<u>\$ 8,690,161</u>	<u>\$ 20,530,000</u>	<u>\$ 17,936,207</u>

7. PROPERTIES HELD FOR RESALE

As of June 30, 2007, properties held for resale had a balance of \$4,646,071, which 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, 2007, the Commission paid premiums of \$18,940 to the City related to the self-insurance program.

While the ultimate losses incurred through June 30, 2007, 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 Fiscal Year 2006-2007, the Commission's total contribution was \$207,026, consisting of PARS \$45,662 and PERS \$161,364.

Citywide information concerning elements of unfunded pension benefit obligation, contributions to PERS for the year ended June 30, 2007, and recent trend information may be found in the notes of the City's CAFR.

Oxnard Community Development Commission

Notes to the Basic Financial Statements
June 30, 2007

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, 2007

	CCRP Debt Service	Southwinds Debt Service	Ormond Beach Debt Service	HERO Debt Service	Debt Service Total
Revenues					
Taxes	\$ 1,370,598	\$ 20,556	\$ 35,936	\$ 87,711	\$ 1,514,801
Interest	—	—	—	—	—
Total Revenues	\$ 1,370,598	\$ 20,556	\$ 35,936	\$ 87,711	\$ 1,514,801
Expenditures					
Debt Service:					
Principal	\$ 620,000	\$ —	\$ —	\$ —	\$ 620,000
Interest	750,598	20,556	35,936	87,711	894,801
Total Expenditures	1,370,598	20,556	35,936	87,711	1,514,801
Excess (Deficiency) of Revenues Over Expenditures	—	—	—	—	—
OTHER FINANCING SOURCES (USES)					
Sale of property	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—
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 – Budget and Actual
CDC Debt Service Fund
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues				
Tax increment	\$ 1,514,801	\$ 1,514,801	\$ 1,514,801	\$ —
Total revenues	<u>\$ 1,514,801</u>	<u>\$ 1,514,801</u>	<u>\$ 1,514,801</u>	<u>\$ —</u>
Expenditures				
Debt service payments				
Principal	\$ 620,000	\$ 620,000	\$ 620,000	\$ —
Interest	894,801	894,801	894,801	—
Total expenditures	<u>1,514,801</u>	<u>1,514,801</u>	<u>1,514,801</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances, July 1	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances, June 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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	Capital Projects	Debt Service	Total	Capital Projects	Debt Service	Total
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	—	1,561,243
2001	512,063	1,759,805	2,271,868	112,599	448,803	—	—	—	—	—	1,300,353	—	1,300,353
2002	913,558	1,629,857	2,543,415	127,232	523,236	—	—	—	—	—	1,291,922	—	1,291,922
2003	2,708,970	1,578,127	4,287,097	149,269	594,777	—	—	—	—	—	983,189	—	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	—	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	—	4,201,527
2006	2,512,761	1,370,948	3,883,709	304,140	829,290	—	—	2,820,232	—	2,820,232	6,583,093	—	6,583,093
2007	3,167,993	1,370,598	4,538,591	428,847	1,606,663	20,556	1,627,219	2,762,558	35,936	2,798,494	7,861,775	87,711	7,949,486

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
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
2006	320,083	9,633	62,869	62,956	109,527	281,316
2007	461,116	18,956	158,182	144,771	481,950	342,867

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>
1998	320,892
1999	191,923
2000	165,434
2001	37,045
2002	176,843
2003	206,339
2004	65,000
2005	2,651
2006	14,749
2007	15,923

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
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
2006	2,928,953	22,629	346,118	1,766,624	2,343,226	576,294
2007	886,149	87,649	822,851	1,547,054	2,089,564	728,471

Source: Finance Department

Oxnard Community Development Commission

TABLE V
Professional Services
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Central City Revitalization Project Area</u>	<u>Downtown Renewal Project Area</u>	<u>Southwinds Project Area</u>	<u>Ormond Beach Project Area</u>	<u>Historical Enhancement & Revitalization of Oxnard Project Area</u>	<u>Housing Set-Aside</u>
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
2006	207,398	10,907	37,444	73,831	47,582	56,527
2007	214,919	16,088	22,262	60,546	65,362	37,224

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
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
2006	33,449	255	1,655	—	12,729	983,298
2007	3,013,978	—	35,889	—	67,761	1,227,855

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>
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
2006	2,884,091
2007	3,468,527

Source: Finance Department

Oxnard Community Development Commission

*TABLE VIII
Miscellaneous Revenue
Last Ten Fiscal Years*

<u>Fiscal Year</u>	<u>Central City Revitalization Project Area</u>	<u>Downtown Renewal Project Area</u>	<u>Southwinds Project Area</u>	<u>Ormond Beach Project Area</u>	<u>Historical Enhancement & Revitalization of Oxnard Project Area</u>	<u>Housing Set-Aside</u>
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
2006	314,488	—	—	—	112,000	356,688
2007	189,782	23	—	—	127,918	89,191

Source: Finance Department

Oxnard Community Development Commission

*TABLE IX
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
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)
2006	(776,741)	(60,828)	(165,858)	(2,343,818)	(1,316,618)	—
2007	(907,718)	(85,769)	(325,444)	(559,699)	(1,589,897)	—

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		
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
2006	3,162,081	3,169,800	1,885,649	(776,741)	1,101,189	10,421,205
2007	3,834,814	4,115,046	—	(907,718)	(1,187,950)	9,233,255

Source: Annual Financial Reports

Oxnard Community Development Commission

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

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing (Uses)</u>	<u>Net Change to Fund Balance</u>	<u>Fund Balance</u>
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
2006	313,773	33,791	(60,828)	219,154	562,118
2007	447,826	103,737	(85,769)	258,320	820,438

Source: Annual Financial Reports

Oxnard Community Development Commission

*TABLE XII
Southwinds Project Area Operating Statement
Last Ten Fiscal Years*

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing (Uses)</u>	<u>Net Change to Fund Balance</u>	<u>Fund Balance</u>
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
2006	892,159	385,217	(165,858)	341,084	1,915,587
2007	1,764,845	881,002	2,714,441	3,598,284	5,513,871

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		
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
2006	2,883,188	1,840,455	1,779,772	(2,343,818)	478,687	820,404
2007	2,907,329	1,607,600	5,312,635	(559,699)	6,052,665	6,873,069

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		
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
2006	6,804,620	2,403,537	—	(1,316,618)	3,084,465	6,642,808
2007	8,471,643	2,222,687	10,613,019	(1,589,897)	15,272,078	21,914,886

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
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
2006	638,004	1,616,119	2,884,091	1,905,976	7,768,470
2007	432,058	1,993,550	3,468,527	1,907,035	9,675,505

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
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
2006	88,138	—	—	1,335,536	1,186,414	2,610,088
2007	116,757	—	630,602	1,314,320	1,431,396	3,493,075

Source: Annual Financial Reports

APPENDIX D

FORM OF BOND COUNSEL OPINION

Closing Date, 2008

Oxnard Community Development Commission
214 South C Street
Oxnard, California 93030

\$11,790,000
Oxnard Community Development Commission
Historic Enhancement and Revitalization of Oxnard (HERO) Project Area
Tax Allocation Bonds, Series 2008
(Final Opinion)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Oxnard Community Development Commission (the "Commission") of \$11,790,000 aggregate principal amount of the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2008 (the "Bonds"), pursuant to the authority contained in Part 1 and Part 1.7 of Division 24 of the California Health and Safety Code, Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, and the provisions of an Indenture of Trust, dated as of June 1, 2008 (the "Indenture"), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

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

Certain agreements, requirements, and procedures contained or referred to in the Indenture, the 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 Goodwin Procter LLP.

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

represented, warranted, or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof.

Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture 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 cities, redevelopment agencies, and joint powers authorities in the State of California.

We undertake no responsibility for the accuracy, completeness, or fairness of the Official Statement for the Bonds dated June 17, 2008, or other offering material relating to the Bonds and express no opinion with respect thereto. We express no opinion regarding the perfection or priority of the lien on the Tax Revenues.

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

1. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Tax Revenues.
2. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

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

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered on [Closing Date], by and between the Oxnard Community Development Commission (the “Commission”) and Wells Fargo Bank, National Association, in its capacity as dissemination agent (the “Dissemination Agent”), in connection with the issuance by the Commission of the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2008, in the aggregate principal amount of \$11,790,000 (the “Bonds”). The Bonds are being issued pursuant to the provisions of an Indenture, dated as of June 1, 2008 (the “Indenture”), by and between the Commission and Wells Fargo Bank, National Association, as trustee (the “Trustee”), in order to provide funds (i) to finance redevelopment activities; (ii) to fund a reserve fund; and (iii) to pay issuance costs associated with the issuance and sale of the Bonds. The Commission and the Dissemination Agent hereby certify, covenant, and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities and Exchange Act of 1934.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized terms used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Commission pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Annual Report Date*” shall mean the date in each year that is 9 months after the end of the Commission’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“*Central Post Office*” shall mean any organization or method approved by the staff or members of the Securities and Exchange Commission as an intermediary through which issuers may, in compliance with the Rule, make filings required by this Disclosure Agreement, including, but not limited to, the Texas Municipal Advisory Council’s (the “MAC”) internet website that, as of the date hereof, is located at <http://www.DisclosureUSA.org>, unless the Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC, dated September 7, 2004.

“*Dissemination Agent*” shall mean, initially, Wells Fargo Bank, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the Commission, which successor must have filed a written acceptance of such designation with the Commission.

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

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

“*Official Statement*” means the Official Statement relating to the Bonds.

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

“*Repository*” shall mean each National Repository and each State Repository.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*SEC*” shall mean the Securities and Exchange Commission.

“*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. Provision of Annual Reports.

(a) The Commission shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2009, provide to each Repository an Annual Report that 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 15 calendar days prior to said date, the Commission shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the Commission. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the Commission may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the Commission’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Commission shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the Commission and shall have no duty or obligation to review such Annual Report. The Annual Report may be filed using the services of the Central Post Office.

(b) If the Commission is unable to provide the Repositories with an Annual Report by the date required in subsection (a), the Commission shall send a notice to each Repository 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. provide any Annual Report received by it to each Repository or the Central Post Office by the date required in subsection (a);
3. file a report with the Commission and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided; and
4. take any other actions mutually agreed upon between the Dissemination Agent and the Commission.

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

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

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

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

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Commission, the City, or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Commission shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

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

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

(c) If the Commission determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the Commission shall promptly file a notice of such occurrence with each Repository, with a copy to the Trustee and the Participating Underwriter. Such notice shall be filed using the services of the Central Post Office. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The obligations of the Commission and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Commission shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Commission may from time to time appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such 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 act as Dissemination Agent. The initial Dissemination Agent shall be Wells Fargo Bank, National Association.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Commission may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Commission or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of the Commission or nationally recognized bond counsel, materially impair the interest of Bondholders.

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

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Commission to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Commission chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Commission shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Commission to comply with any provisions of this Disclosure Agreement any Participating Underwriter or any holder or beneficial owner of the Bonds, or the Trustee on behalf of the holders of the Bonds, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Commission to comply with this Disclosure Agreement shall be an action to compel performance.

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

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

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

Date: [Closing Date]

OXNARD COMMUNITY DEVELOPMENT COMMISSION

By: _____
Authorized Signatory

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Oxnard Community Development Commission

Name of Bond Issue: Oxnard Community Development Commission Historic Enhancement
and Revitalization of Oxnard (HERO) Project Area Tax Allocation
Bonds, Series 2008

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

Dated: _____

OXNARD COMMUNITY DEVELOPMENT COMMISSION

By: _____
Authorized Signatory

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APPENDIX F

SPECIMEN BOND INSURANCE POLICY

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**FINANCIAL
SECURITY
ASSURANCE®**

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS:

Effective Date:

Premium: \$

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), 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 Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment

made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)



**FINANCIAL
SECURITY
ASSURANCE®**

**ENDORSEMENT NO. 1 TO
MUNICIPAL BOND
INSURANCE POLICY
(California Insurance
Guaranty Association)**

ISSUER:

Policy No.: -N

BONDS:

Effective Date:

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the insurance provided by this Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By: _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 560NY (CA 1/91)

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