

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, except that no opinion is expressed as to the status of interest on any Series 2011A Bond for any period that such Series 2011A Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2011A Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986. Bond Counsel observes, however, that interest on the Series 2011A Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. In the further opinion of Bond Counsel, interest on the Series 2011B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Series 2011 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2011 Bonds. See "TAX MATTERS."



\$17,470,000
Oxnard Harbor District
Refunding Revenue Bonds,
Series 2011A
(AMT)

\$7,220,000
Oxnard Harbor District
Refunding Revenue Bonds, Series
2011B
(Non-AMT)

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

The Oxnard Harbor District Refunding Revenue Bonds, Series 2011A (AMT) (the "Series 2011A Bonds") and the Oxnard Harbor District Refunding Revenue Bonds, Series 2011B (Non-AMT) (the "Series 2011B Bonds" and together with the Series 2011A Bonds, the "Series 2011 Bonds") are being issued by the Oxnard Harbor District, a harbor district duly organized and existing under and by virtue of the laws of the State of California (the "District") pursuant to the terms of a Master Indenture, dated as of December 1, 2011, as supplemented by a First Supplemental Indenture, dated as of December 1, 2011 (collectively, the "Indenture"), each by and between the District and Union Bank, N.A., as trustee (the "Trustee"). The District will use the proceeds of the Series 2011 Bonds, together with other available moneys, to (i) refund certain outstanding bonds of the District as described herein, (ii) fund a reserve account, and (iii) pay costs of issuance incurred in connection with the issuance, sale and delivery of the Series 2011 Bonds. See "PLAN OF REFUNDING" herein.

Interest on the Series 2011 Bonds is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2012. The Series 2011 Bonds are being issued in fully-registered form, 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 Series 2011 Bonds. Individual purchases will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof (not exceeding the principal amount of Series 2011 Bonds maturing on any one date) and purchasers will not receive securities representing their beneficial ownership interest in the Series 2011 Bonds purchased. Payments of principal and interest on the Series 2011 Bonds will be paid by the Trustee to DTC, which is obligated in turn to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Series 2011 Bonds.

The Series 2011A Bonds are not subject to mandatory or optional redemption prior to maturity. The Series 2011B Bonds are subject to mandatory redemption prior to maturity as described herein.

The Series 2011 Bonds are special obligations of the District and are payable, as to interest thereon and principal thereof and redemption premiums, if any, thereon, exclusively from the Net Revenues (as defined herein) and the other funds provided in the Indenture, and the District is not obligated to pay the interest on or principal of or redemption premiums, if any, on the Series 2011 Bonds except from the Net Revenues and such other funds. The Series 2011 Bonds are equally secured by a pledge of, and charge and lien on, the Net Revenues, and the Net Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Series 2011 Bonds. See "SECURITY FOR THE SERIES 2011 BONDS" herein.

This cover page contains certain information for general reference only. It is not intended as a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2011 Bonds will be offered when, as and if issued, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, and subject to certain other conditions as described herein. Certain legal matters will be passed upon for the District by Nelson Comis Kahn & Sepulveda, LLP, and by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel to the District. It is expected that the Series 2011 Bonds will be available for delivery through the DTC book-entry system in New York, New York on or about December 15, 2011.



SUTTER SECURITIES INCORPORATED

Maturity Schedules
 \$17,470,000
 Oxnard Harbor District
 Refunding Revenue Bonds, Series 2011A (AMT)

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP [†]
2012	\$1,590,000	3.00%	2.50%	691888 ER8
2013	1,810,000	3.00	3.00	691888 ES6
2014	1,865,000	5.00	3.35	691888 ET4
2015	1,960,000	5.00	3.75	691888 EU1
2016	2,055,000	5.00	4.00	691888 EV9
2017	2,160,000	5.00	4.25	691888 EW7
2018	2,275,000	5.00	4.50	691888 EX5
2019	2,390,000	5.00	4.70	691888 EY3
2020	1,365,000	5.00	5.00	691888 EZ0

\$7,220,000
 Oxnard Harbor District
 Refunding Revenue Bonds, Series 2011B (Non-AMT)

\$270,000 4.00% Term Bonds due August 1, 2016 Yield 4.00% CUSIP 691888 FE6[†]
 \$305,000 4.40% Term Bonds due August 1, 2020 Yield 4.40% CUSIP 691888 FJ5[†]
 \$500,000 4.25% Term Bonds due August 1, 2021 Yield 4.50% CUSIP 691888 FK2[†]
 \$340,000 5.00% Term Bonds due August 1, 2021 Yield 4.50% CUSIP 691888 FP1[†]
 \$5,805,000 4.50% Term Bonds due August 1, 2024 Yield 4.75% CUSIP 691888 FN6[†]

[†] CUSIP Copyright 2011, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers are provided for convenience of reference only. Neither the District or the Underwriter takes any responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2011 Bonds by a person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

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.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2011 Bonds. The information set forth herein has been furnished by the District and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale hereunder, shall under any circumstances create an implication that there has been no change in the affairs of the District since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. See “DISTRICT FINANCIAL MATTERS – Project of Net Revenues and Debt

Service Coverage.” No assurance is given that actual results will meet the forecasts of the District in any way, regardless of the level of optimism communicated in the information. The District is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

OXNARD HARBOR DISTRICT

Port Hueneme
Ventura County, California

BOARD OF HARBOR COMMISSIONERS

Jess Herrera, President
Dr. Manuel M. Lopez, Vice-President
Jesse J. Ramirez, Secretary
Jason T. Hodge, Commissioner
Mary Anne Rooney, Commissioner

PORT MANAGEMENT

Peter E. Wallace, Acting Executive Director and Deputy Executive Director - Maritime Services
Andrew Palomares, Director of Finance and Administration, Treasurer

SPECIAL SERVICES

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Union Bank, N.A.
Los Angeles, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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OFFICIAL STATEMENT

relating to

\$17,470,000
Oxnard Harbor District
Refunding Revenue Bonds,
Series 2011A (AMT)

\$7,220,000
Oxnard Harbor District
Refunding Revenue Bonds,
Series 2011B
(Non-AMT)

INTRODUCTION

This Introduction is subject in all respects to the more complete information included and referred to elsewhere in this Official Statement. The offering of the Series 2011 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Introduction and not otherwise defined shall have the respective meanings assigned to them elsewhere in this Official Statement. See “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

Purpose

The purpose of this Official Statement is to provide information in connection with the offering of \$17,470,000 aggregate principal amount of Oxnard Harbor District Refunding Revenue Bonds, Series 2011A (AMT) (the “Series 2011A Bonds”) and \$7,220,000 aggregate principal amount of Oxnard Harbor District Refunding Revenue Bonds, Series 2011B (Non-AMT) (the “Series 2011B Bonds” and together with the Series 2011A Bonds, the “Series 2011 Bonds”). The District will use the proceeds of the Series 2011 Bonds , together with other available moneys, to (i) refund certain outstanding bonds of the District as described herein (the “Prior Bonds”), (ii) fund the Reserve Account Requirement, and (iii) pay costs of issuance incurred in connection with the issuance, sale and delivery of the Series 2011 Bonds. See “PLAN OF REFUNDING” herein.

The Oxnard Harbor District

The Oxnard Harbor District (the “District”) is a harbor district organized pursuant to Part 3 of Division 8 of the Harbors and Navigation Code of the State of California (the “Harbor District Law”). The District’s boundaries include essentially the incorporated cities of Oxnard and Port Hueneme and a very small portion of contiguous unincorporated areas of Ventura County. For further general information concerning the District, see “THE OXNARD HARBOR DISTRICT” herein.

Authority for Issuance

The Series 2011 Bonds are being issued by the District in accordance with the authority granted therefor by Sections 6100 *et seq.* of the Harbor District Law, and all laws amendatory thereof or supplemental thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and pursuant to the terms of a

Master Indenture, dated as of December 1, 2011, as supplemented by a First Supplemental Indenture, dated as of December 1, 2011 (collectively, the “Indenture”), each by and between the District and Union Bank, N.A., as trustee (the “Trustee”). The Indenture contemplates additional series of bonds on a parity with (the “Parity Bonds”), or subordinate to, the Series 2011 Bonds, to be issued pursuant to additional supplemental indentures under the Indenture. All such bonds, as well as the Series 2011 Bonds, are referred to herein as the “Bonds.”

Security and Sources of Payment for the Series 2011 Bonds

The Series 2011 Bonds are special obligations of the District and (together with any Parity Bonds) are payable, as to interest thereon and principal thereof and redemption premiums, if any, thereon, exclusively from the Net Revenues (as defined herein) and the other funds provided in the Indenture, and the District is not obligated to pay the interest on or principal of or redemption premiums, if any, on the Series 2011 Bonds except from the Net Revenues and such other funds. The Series 2011 Bonds are equally secured by a pledge of, and charge and lien on, the Net Revenues, and the Net Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Series 2011 Bonds. For further information concerning the security for the Series 2011 Bonds, see “SECURITY FOR THE SERIES 2011 BONDS” herein.

Reserve Account

Upon the issuance of the Series 2011 Bonds, the amount of \$2,469,000 will be deposited into the Reserve Account, being the Reserve Account Requirement. Amounts on deposit or credited to the Reserve Account will be applied solely to the payment of the Bonds in the event that amounts on deposit in the Interest Account and the Principal Account are insufficient therefor. Under the Indenture, the District may at any time substitute amounts on deposit with an insurance policy, a surety bond or a letter of credit, or a combination thereof, which satisfies the requirements of the Indenture. For further information concerning the Reserve Account, see “SECURITY FOR THE SERIES 2011 BONDS - Reserve Account” herein.

Rate Covenant

The District covenants under the Indenture generally to make changes to its business operations and fix and prescribe wharfage charges and other charges which are reasonably estimated to yield Net Revenues in each Fiscal Year equal to 125% of Annual Debt Service defined generally under the Indenture as the annual payments of principal and interest due with respect to the Bonds. For further information concerning the rate covenant, see “SECURITY FOR THE SERIES 2011 BONDS - Rate Covenant” herein.

Parity Debt and Other District Debt

Parity Bonds may be issued under the Indenture on a parity with the Series 2011 Bonds upon compliance with the terms of the Indenture. For further information concerning the ability of the District to issue additional bonds or other parity debt, see “SECURITY FOR THE SERIES 2011 BONDS - Limitations on the Issuance of Obligations Payable From Net Revenues” herein.

Other Features of the Series 2011 Bonds

The Series 2011 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases of interests in the Series 2011 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof (not exceeding the principal amount of Series 2011 Bonds maturing on any one date). Purchasers of such interests will not receive securities representing their interests in the Series 2011 Bonds but will receive a credit balance on the records of DTC.

Interest on the Series 2011 Bonds is payable on August 1, 2012 and semiannually thereafter on each February 1 and August 1.

For further information concerning the terms of the Series 2011 Bonds, see “THE SERIES 2011 BONDS - General” and “BOOK-ENTRY SYSTEM” herein and Appendix B attached hereto.

Summaries Not Definitive

The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument. The capitalization of any word not conventionally capitalized, or otherwise defined herein, indicates that such word is defined in a particular agreement or other document and, as used herein, has the meaning given it in such agreement or document. For summaries of certain of the provisions of the Indenture, see Appendix A attached hereto.

All references herein to the Bonds and the Indenture are qualified in their entirety to the actual documents, or with respect to the Bonds, the forms thereof included in the Indenture, copies of all of which will be available for inspection at the offices of the District in Port Hueneme, California, and will be available upon request and payment of duplication costs from the Trustee.

Additional Information

The District regularly prepares audits and budgets. Any Series 2011 Bondholder may obtain a copy of any such audit or budget, as available from the Trustee or the District. Additional information regarding this Official Statement may be obtained by contacting the Trustee or Mr. Palomares, Director of Finance and Administration, Treasurer, Oxnard Harbor District, 333 Ponomo Street, P.O. Box 608, Port Hueneme, California 93044-0608, (805) 488-3677, Fax (805) 488-2620.

PLAN OF REFUNDING

The District expects to use the proceeds of the Series 2011 Bonds, together with other available moneys, to (i) refund the Prior Bonds, (ii) fund the Reserve Account Requirement, and (iii) pay costs of issuance incurred in connection with the issuance, sale and delivery of the Series 2011 Bonds. The Prior Bonds consist of the following:

<u>Series Name</u>	<u>Issue Date</u>	<u>Original Issue Amount</u>	<u>Amount Outstanding</u>
Revenue Bonds, Series 1999	June 3, 1999	\$10,820,000	\$10,820,000
Revenue Bonds, Refunding Series 2000	May 3, 2000	11,180,000	4,250,000
Revenue Bonds, Series 2004A	June 22, 2004	6,920,000	3,675,000
Revenue Bonds, Series 2004B	June 22, 2004	6,800,000	6,800,000

Upon delivery of the Series 2011 Bonds, a portion of the proceeds thereof, together with other available funds of the District, is to be deposited into an irrevocable separate escrow account, to be held by Union Bank, N.A., as escrow agent (the "Escrow Agent") pursuant to an Escrow Agreement, dated as of December 1, 2011, between the District and the Escrow Agent (the "Escrow Agreement"). The funds deposited to such escrow account are to be held in cash and will be used to redeem the Prior Bonds on February 1, 2012. Upon delivery of the Series 2011 Bonds, the arithmetical accuracy of certain computations relating to the defeasance of the Prior Bonds will be verified by Grant Thornton. See "VERIFICATION" below.

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ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the Series 2011 Bonds are as follows:

Sources:	Series 2011A (<u>AMT</u>)	Series 2011B (<u>Non-AMT</u>)
Principal Amount	\$17,470,000.00	\$7,220,000.00
Original Issue Premium (Discount)	439,801.70	(133,500.55)
Amounts release from Prior Bonds	<u>2,933,947.73</u>	<u>681,173.09</u>
Total	\$20,843,749.43	\$7,767,672.54
Uses:		
Escrow Fund	\$18,818,500.00	\$6,936,000.00
Reserve Account	1,747,000.00	722,000.00
Costs of Issuance ⁽¹⁾	<u>278,249.43</u>	<u>109,672.54</u>
Total	\$20,843,749.43	\$7,767,672.54

⁽¹⁾Includes Underwriter's discount as well as certain legal, financing and printing costs.

THE SERIES 2011 BONDS

General

The Series 2011 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Series 2011 Bonds. Individual purchases of ownership interests in the Series 2011 Bonds will be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof (not exceeding the principal amount of Series 2011 Bonds maturing on any one date). See "BOOK-ENTRY SYSTEM" herein and Appendix B attached hereto.

The Series 2011 Bonds will be dated as of their date of delivery. The Series 2011 Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the inside of the cover page of this Official Statement. Interest on the Series 2011 Bonds is payable on August 1, 2012 and semiannually thereafter on February 1 and August 1 in each year. Interest on the Series 2011 Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest on the Series 2011 Bonds will be payable by the Trustee to DTC, which is obligated in turn to remit such principal and interest to DTC Participants for subsequent disbursement to the Beneficial Owners of the Series 2011 Bonds.

Series 2011A Bonds Not Subject to Redemption

The Series 2011A Bonds are not subject to mandatory or optional redemption prior to maturity.

Series 2011B Bonds Redemption

Mandatory Redemption. The Series 2011B Bonds maturing on August 1, 2016 are also subject to redemption prior to their respective stated maturities, on any August 1 on or after August 1, 2012, in part by lot, from Sinking Fund Payments at a redemption price equal to the principal amount thereof and interest accrued thereon to the date fixed for redemption date, without premium, as set forth below.

<u>Year Ending August 1</u>	<u>Sinking Fund Account Payment</u>
2012	\$10,000
2013	60,000
2014	65,000
2015	65,000
2016*	70,000

*Maturity Date

The Series 2011B Bonds maturing on August 1, 2020 are also subject to redemption prior to their respective stated maturities, on any August 1 on or after August 1, 2017, in part by lot, from Sinking Fund Payments at a redemption price equal to the principal amount thereof and interest accrued thereon to the date fixed for redemption date, without premium, as set forth below.

<u>Year Ending August 1</u>	<u>Sinking Fund Account Payment</u>
2017	\$70,000
2018	75,000
2019	80,000
2020*	80,000

*Maturity Date

The Series 2011B Bonds maturing on August 1, 2024 are also subject to redemption prior to their respective stated maturities, on any August 1 on or after August 1, 2021, in part by lot, from Sinking Fund Payments at a redemption price equal to the principal amount thereof and interest accrued thereon to the date fixed for redemption date, without premium, as set forth below.

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Year Ending <u>August 1</u>	Sinking Fund Account <u>Payment</u>
2021	\$ 715,000
2022	1,625,000
2023	1,700,000
2024*	1,765,000

*Maturity Date

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Series 2011 Bonds. The Series 2011 Bonds will be delivered as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered bond will be delivered for each maturity of the Series 2011A Bonds and the Series 2011B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. For additional information concerning DTC and its book-entry system, see Appendix B attached hereto.

SECURITY FOR THE SERIES 2011 BONDS

General

The Bonds (defined under the Indenture to include the Series 2011 Bonds and any Parity Bonds which may hereafter be issued) are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from the Net Revenues. Neither the credit nor the taxing power of the District is pledged to the payment of the Bonds. The Revenues constitute substantially all of the income of the District. The owners of the Bonds cannot compel the exercise of any taxing power of the District or the forfeiture of any of the District's property. The Bonds are not a legal or equitable pledge, charge, lien or encumbrance upon any of the District's property (including the Harbor Facilities) or upon any of its income, receipts or revenues except the Net Revenues of the Harbor Facilities to the extent of the pledge thereof contained in the Indenture. Amounts held from time to time in the Interest Account, Principal Account and Reserve Account are also pledged to secure the payment of the Bonds.

Pledge of Revenues and Revenue Fund

Under the Indenture, all the Net Revenues and all money in the Revenue Fund (described below) and in the funds or accounts so specified and provided for in the Indenture (except the Rebate Fund) are irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Net Revenues and such other money are required not to be used for any other purpose while any of the Bonds remain Outstanding; subject to the provisions of the Indenture permitting the application thereof for the purposes and on the conditions and terms set forth therein. The Indenture states that this pledge constitutes a first lien on the Net Revenues and such other money for the payment of the Bonds in accordance with the terms of the Indenture.

Under the Indenture, there is continued in existence a special fund known as the Oxnard Harbor District Revenue Bonds Revenue Fund (the “Revenue Fund”), which fund shall be maintained by City National Bank as the Depository (the “Depository”). The District covenants to deposit all Revenues as and when received by it in the Revenue Fund. Under the Indenture, there is also continued in existence the Maintenance and Operation Fund held by the Depository, into which the Depository deposits all amounts necessary to pay current Maintenance and Operations Costs as they become due and payable.

Under the Indenture, there is also continued in existence the Bond Service Fund, which fund is to be maintained by the Trustee pursuant to the Indenture so long as any Bonds are Outstanding. The Depository is required to transfer from the Revenue Fund to the Trustee for deposit in the following respective special accounts within the Bond Service Fund (each of which is established under the Indenture) in the following order of priority (except that all money remaining in the Revenue Fund on August 1 of each year, shall be withdrawn by the Depository from the Revenue Fund and transferred to the District and used by the District for any lawful purpose):

- (1) Interest Account;
- (2) Principal Account;
- (3) Reserve Account; and
- (4) Subordinated Payment Account.

“Net Revenues” is generally defined in the Indenture as “for any Fiscal Year, the Revenues during such Fiscal Year less the Maintenance and Operation Costs during such Fiscal Year.”

“Revenues” is generally defined in the Indenture to mean all gross income and revenue received by the District from the ownership or operation of the Harbor Facilities, determined in accordance with generally accepted accounting principles, including all wharfage charges and other charges fixed by the District for the Harbor Service and other services of the Harbor Facilities and all proceeds of insurance covering business interruption loss relating to the Harbor Facilities and all other income and revenue howsoever derived by the District from the ownership or operation of the Harbor Facilities or arising from the Harbor Facilities. “Harbor Facilities” is generally defined under the Indenture as all land and facilities owned or leased by the District.

“Maintenance and Operation Costs” is generally defined in the Indenture to mean the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Harbor Facilities, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Harbor Facilities in good repair and working order, and including all administrative costs of the District that are charged directly or apportioned to the operation of the Harbor Facilities, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms of the Indenture, such as

compensation, reimbursement and indemnification of the Trustee and fees and expenses of independent certified public accountants and independent engineers and independent financial consultants, and including the amounts payable to the City of Port Hueneme (the "City") pursuant to those certain agreements between the District and the City dated as of March 14, 1983, and March 18, 1987, and all payments due to the City pursuant to that certain agreement between the District and the City dated as of December 21, 1995 (see "DISTRICT FINANCIAL MATTERS - District Transactions with the City of Port Hueneme" herein); but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles and any other non-cash charges required by a change in accounting standards.

Reserve Account

General. The Reserve Account is held by the Trustee. The District is required by the Indenture to maintain therein an amount equal to the Reserve Account Requirement, subject to the provisions of the Indenture permitting delivery of an insurance policy, a surety bond or a letter of credit, or a combination thereof, in whole or partial satisfaction of the Reserve Account Requirement as described below. The Reserve Account Requirement is defined to mean, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the stated principal amount (or issue price if sold with more than a de minimis amount (2%) of original issue discount) of each series of the Bonds then Outstanding, (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service (defined generally under the Indenture as the average annual debt service due with respect to all Outstanding Bonds) or (iii) the Maximum Annual Debt Service; provided, that notwithstanding any provision to the contrary, all or any portion of the Reserve Account Requirement for the Bonds may be satisfied by the provision of an insurance policy, a surety bond or a letter of credit, or a combination thereof, which, together with money on deposit in the Reserve Account, provide an aggregate amount equal to the Reserve Account Requirement, so long as the provider of any such an insurance policy, a surety bond or a letter of credit, or a combination thereof is rated in one of the two highest rating categories by Moody's Investors Service, Inc. and by Standard & Poor's Ratings (so long as either such rating agency shall be then rating such Bonds, as the case may be) at the time of delivery of such credit facility.

The District will deposit from the proceeds of the Series 2011 Bonds an amount sufficient to increase the amount on deposit in the Reserve Account to the Reserve Account Requirement. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. Under the Indenture, the District is required to transfer to the Trustee for deposit in the Reserve Account, on or before the fifteenth day of each month next succeeding the determination of a deficiency in the Reserve Account, an amount of money (or other authorized deposit of security, as contemplated by the definition of Reserve Account Requirement) necessary to restore the amount in the Reserve Account to the Reserve Account Requirement. No deposit is required to be made in the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Account Requirement. All money in the Reserve Account is required to be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account (in such order) in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Outstanding

Bonds in the event that no other money of the District is lawfully available therefor, or for the retirement of all Bonds then Outstanding.

Rate Covenant

Under the Indenture, the District covenants, prior to the first day of each Fiscal Year so long as any of the Bonds are Outstanding, to make changes to its business operations and to fix and prescribe wharfage charges and other charges for Harbor Service for such Fiscal Year which are reasonably estimated to yield Revenues, after making reasonable allowances for contingencies and errors in the estimates, at least sufficient to pay the following amounts during such Fiscal Year in the order below set forth:

- (1) All current Maintenance and Operation Costs;
- (2) The Annual Debt Service on the Bonds and the payment of any Subordinate Obligations as they become due and payable.
- (3) All payments required for compliance with the terms of the Indenture, including restoration of the Reserve Account to an amount equal to the Reserve Account Requirement, and of any Supplemental Indenture providing for the issuance of an additional Series of the Bonds.
- (4) All payments to meet any other obligations of the District which are secured by a pledge of and charge and lien on or are payable from the Net Revenues.

In addition to the requirements of the foregoing paragraph, the District will, prior to the first day of each Fiscal Year so long as any of the Bonds are Outstanding, make changes to its business operations and fix and prescribe wharfage charges and other charges for Harbor Service for such Fiscal Year which are reasonably estimated to yield Net Revenues during such Fiscal Year, after making reasonable allowances for contingencies and errors in the estimates, equal to at least 125% of the sum of the Annual Debt Service in such Fiscal Year.

The District may revise its business operations and make adjustments from time to time in its wharfage charges and other charges and may make or permit to be made such changes thereof as it deems necessary, but shall not reduce or permit to be reduced such wharfage charges and other charges below those then in effect unless the Revenues and Net Revenues, as the case may be, from such reduced wharfage charges and other charges are reasonably estimated to be sufficient to meet the requirements of the coverage tests described above.

If the Net Revenues in any Fiscal Year are less than the amount needed to provide 125% coverage of Annual Debt Service as described above, the District will take all lawful measures to revise business operations and/or adjust its schedule of wharfage charges and other charges as may be necessary to produce Net Revenues in the amount needed to provide 125% coverage of Annual Debt Service as described above, in the next succeeding Fiscal Year. In the event that the Net Revenues in any Fiscal Year are less than the amount needed to provide 125% coverage of Annual Debt Service as described above, but the District shall have taken prior to or during the next succeeding Fiscal Year all lawful measures to revise its business operations and/or adjust its wharfage charges and other charges as required by the Indenture, such deficiency in Net

Revenues shall not constitute an Event of Default under the Indenture; provided, that if after taking the measures described by this paragraph to revise its business operations and/or adjust its wharfage charges and other charges, the Net Revenues in the next succeeding Fiscal Year are less than the amounts needed to provide 125% coverage of Annual Debt Service as described above, such deficiency in Net Revenues shall constitute an Event of Default under the Indenture.

Limitations on the Issuance of Obligations Payable From Net Revenues

Under the Indenture, the District may at any time issue a series of Bonds payable from the Net Revenues and secured by a pledge of and charge and lien on the Net Revenues equal to and on a parity with the pledge, charge and lien securing the Outstanding Bonds theretofore issued, but only subject to the conditions summarized in part below, which are conditions precedent to the issuance of any such series of Bonds:

(a) The District must be in compliance with all agreements, conditions, covenants and terms contained in the Indenture required to be observed or performed by it;

(b) The issuance of such series of Bonds shall have been duly authorized pursuant to the Harbor District Law and all applicable laws, and the issuance of such Series of Bonds shall have been provided for by a supplemental indenture duly adopted by the District; and

(c) The audited Net Revenues for the most recent Fiscal Year preceding the date of the execution of the Supplemental Indenture providing for the issuance of such Series of the Bonds, as shown by a Certificate of the District filed with the Trustee, shall have produced an amount equal to at least one hundred twenty-five percent (125%) of the maximum payment in any Fiscal Year of the sum of the amount of the Annual Debt Service in any Fiscal Year as calculated after the issuance of such Series of the Bonds; provided, that if and to the extent that the Law is amended to permit (for purposes of calculating such Net Revenues) the addition to such Net Revenues of any allowances for any Net Revenues from improvements to the Harbor Facilities, then there may be added to such audited Net Revenues an allowance for Net Revenues from any improvements to the Harbor Facilities to be made with the proceeds of such Series of the Bonds and also for Net Revenues from any improvements to the Harbor Facilities which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to seventy-five percent (75%) of the estimated additional average annual Net Revenues to be derived from each such improvement for the first thirty-six (36) month period in which each such improvement is in operation (as shown by a Certificate of the District based on an opinion of an independent consultant of recognized standing qualified to pass on questions relating to the financial operations of harbor facilities comparable to the Harbor Facilities); and provided further, that if and to the extent that the Law is amended to permit (for purposes of calculating such Net Revenues) the addition to such Net Revenues of any allowances for any Net Revenues from increases in the wharfage charges and other charges for Harbor Service made during such Fiscal Year, then there may be added to such audited Net Revenues an allowance for Net Revenues from any increases in the wharfage charges and other charges for Harbor Service which have become effective prior to the issuance of such Series of the Bonds but which, during all or any part of such Fiscal Year, were not in effect, in an amount equal to seventy-five percent (75%) of the estimated amount by which the Net Revenues would have been increased if such increases in wharfage charges and other

charges had been in effect during the whole of such Fiscal Year (as shown by a Certificate of the District based on an opinion of an independent consultant of recognized standing qualified to pass on questions relating to the financial operations of harbor facilities comparable to the Harbor Facilities); and provided further, that in the event that such Series of the Bonds is to be issued for the purpose of refunding and retiring any Bonds then Outstanding, interest and principal payments on the Bonds to be refunded and retired from the proceeds of such Series of the Bonds being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service; and provided further, that nothing contained in the Indenture shall limit the issuance of any revenue bonds of the District payable from the Net Revenues and secured by a pledge of and charge and lien on the Net Revenues if, immediately after the issuance and delivery of such revenues bonds, none of the Bonds theretofore issued under the Indenture will be Outstanding.

THE OXNARD HARBOR DISTRICT

General

The District's boundaries include the incorporated cities of Oxnard and Port Hueneme and a very small portion of contiguous unincorporated areas of Ventura County. The Naval Construction Battalion Center-Port of Hueneme is located within the City of Port Hueneme (the "Naval Construction Battalion Center"). It is an important facility associated with the Naval Base of Ventura County. Within the Naval Construction Battalion Center facilities are U.S. Navy port facilities which are federally owned ("Hueneme Harbor" or "NBVC-Port Hueneme") and immediately adjacent to the commercial Port of Hueneme (the "Port" or the "Port of Hueneme").

The District is empowered under the Harbor District Law to acquire, construct, own, operate, control or develop any and all harbor works or facilities (including airports, roads and railroads) within or outside the limits of its established boundaries. The Port is owned and administered by the District. The District prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all commercial Port operations.

The District operates as landlord for the purposes of assigning or leasing Port facilities and land areas. The District's principal sources of revenue are from vessel and cargo activities under the provisions of Port Terminal Tariff No. 7, as amended from time to time or any successor tariff, or terminal use agreements which provide for land rentals and use fees for facilities. See "District Port Terminal Revenue Generation Activities" below and "DISTRICT FINANCIAL MATTERS - District Tariffs and Operating Agreements." Capital construction is financed from operations, federal and state grants, and bonded debt. Daily administration of District facilities and regular maintenance are performed by the District's work force. Major repairs and new construction are competitively bid to private commercial contractors. Cargo handling and terminal operations at the Port are conducted by private companies as approved by the District.

The District's facilities are located within the boundaries of the Cities of Oxnard and Port Hueneme. The Hueneme Harbor is located at the mouth of a deep undersea canyon. Vessel transit time to enter and depart the Port is minimal, and little regular maintenance dredging is required to maintain the entrance channel. The Port is the only commercial deep-water, 35-foot

Mean Lower Low Water (“MLLW”) and cargo handling seaport between Los Angeles and the San Francisco Bay. The District’s administrative offices are located at the Port. The District’s workforce manages the commercial Port which has a total of approximately 3,200 linear feet of deep-water berth space on two wharves, with 1,800 linear feet of wharf at the South Terminal and 1,400 linear feet of wharf at the North Terminal. The District also has a 400-foot shallow-draft wharve at the channel entrance used for the seasonal squid fishery. The wharves and backland areas consist of approximately 130 acres of land and water. Overflow berths and land are available under a licensing agreement and joint-use agreement with the U.S. Navy, which operates the NBVC - Port Hueneme.

The Port of Hueneme is a commercial seaport with specialized “niche” facilities for palletized refrigerated fresh fruit, general cargo, break bulk, project cargo and roll on/roll off commodities. The Port is well situated for transfer of cargo destined for the greater metropolitan Los Angeles region, northern and central California, the western United States, and western provinces of Canada. Given the growth of containerization at the Ports of Los Angeles, Long Beach and Oakland, the Port of Hueneme has benefited from displacement of specialized cargo, such as automobiles, palletized fresh fruit and project cargo from these major load center ports. Congestion leading to and away from the Ports of Los Angeles and Long Beach also has resulted in increases in operating costs at these ports for specialized cargo customers with price and time sensitive commodities. The Port’s location, situated between San Pedro Bay and San Francisco Bay, permits specialized carriers to establish load centers for their cargo, thereby consolidating and reducing the number of vessel calls within California. The Port of Hueneme’s advantages include fast vessel transit and turnaround time, operating flexibility, labor productivity, less congested freeways and rail systems, proximity to large consumer markets, and availability of less expensive industrial land in close proximity to the Port. Over the past ten years, these advantages have benefited a stable group of tenants and businesses, which is one of the “credit strengths” of the District.

Beginning in the late 1970’s, the automotive industry customers of the District made significant capital investments within close proximity of the Port in order to take advantage of the Port’s strategic operating capabilities. By the mid-1980’s BMW of North America purchased and developed within the City of Oxnard a vehicle preparation center on approximately 25 acres within 1½ miles of the Port’s Main Gate and later purchased an additional 10 acres to establish BMW’s U.S. Emissions Laboratory. Pacific Vehicle Processors, Inc., a subsidiary of Wallenius Wilhelmsen Logistics LLC, purchased and developed within the City of Oxnard approximately 28 acres adjacent to the BMW site and purchased an additional 38 acres to support its automobile import and export business. And, most recently, Global Auto Processors (“GAPS”) entered into a five year lease on the Naval Construction and Battalion Center for a regional distribution center, within the City of Port Hueneme, for imports and exports. The GAPS lease agreement with the U.S. Navy expires in 2012. The District has been advised by the Navy that the current leased property of the Naval Construction and Battalion Center will be advertised and published for new leases commencing in 2012. GAPS has also indicated to the District its desire to renew its lease terms and conditions with the U.S. Navy. While there is no certainty that GAPS will be successful in the Navy’s lease program, the District is currently working directly with GAPS and the U.S. Navy to sustain this automobile business through the Port of Hueneme beyond 2012. See “Significant Developments in District Activities - Joint Use of U.S. Navy Wharf No. 3” in this section.

History

A long wharf in the vicinity of the Port of Hueneme was first developed beginning in the mid-nineteenth century. This long wharf was used during the period for the local maritime transport of agricultural cargoes to schooners sailing between the Ventura County region and the major international ports of San Pedro Bay and San Francisco Bay. The District was organized in 1937 and the Port of Hueneme was developed and opened in 1940. In early 1942, the Hueneme Harbor, including approximately 321 acres of land, water, and wharves, was acquired by the federal government through its powers of eminent domain for use by the U.S. Navy in World War II. Since 1942, the NBVC-Port Hueneme facilities have been upgraded and improved to provide logistics services to the Department of Defense mobilization and national defense strategies.

Following World War II, the District leased back 22 acres from the federal government in 1949 and subsequently purchased the property in the 1960s. The District Board of Harbor Commissioners began to acquire additional land, water and wharves for commercial economic development uses. In 1967, the District acquired additional land from the City of Port Hueneme as part of a redevelopment project. In 1984, the District purchased South Terminal and backland capabilities from the Navy pursuant to a Defense Authorization Legislation. In 1997, the District added 33 acres of terminal property adjacent to the Port's South Terminal from the federal government, through the U.S. Maritime Administration (Department of Transportation) no cost transfer for port and intermodal activities. The District has completed its improvements of this property. This 1997 acquisition of additional land has increased the Port's cargo handling capabilities and added a new liquid bulk fertilizer operation. Finally the District purchased and developed an adjacent parcel of land to the South Terminal for auto storage.

In addition to the land acquired and developed by the District, the U.S. Navy and the District have entered into a long-term Joint Use Agreement to permit the use of a up to 25 acres of land adjacent to the Port and to the U.S. Navy Wharf No. 3 for commercial operations.

Between 1978 and 1985, the Port was a major exploration and supply base for offshore oil activities off the California coast in the Santa Barbara channel. In 1988, the District changed its strategic goals to expand its international trade activities. Based upon the most recent California Association of Port Authorities annual cargo report, the Port of Hueneme is one of the top five California seaports for general cargo activities. The shipping of refrigerated fresh fruit (e.g., bananas), general cargo and automobiles continues to constitute the largest source of operating revenues for the District.

To preserve the rail service between the Union Pacific Railroad ("UP") main line (City of Oxnard Terminal) and the Port, rail dependent industrial users and the Naval Construction Battalion Center, the District purchased 100 percent of the membership of the Ventura County Railway Company, LLC (the "LLC") in November 2003 for \$2,000,000. The LLC owns approximately 12 miles of railbed and trackage within the cities of Oxnard and Port Hueneme. The LLC has three primary business contract leases. One is a lease with Ventura County Railroad Company ("VCRR") owned by Rail America, Inc. which operates the trains on the LLC's right-of-way. This lease commenced August 1998 and ends July 2018 with four 10-year options. Based upon the current rail activities on the LLC right-of-way, the rent is \$16,000 per

month. In fiscal year 2010-2011, the total lease revenues collected by the LLC totaled \$132,800. The second contract lease is a twenty-five year lease with Clear Channel Outdoor, Inc. for highway billboard property, which commenced in June 1995 and terminates in May 2020. The current average rent is \$2,100 per month, totaling \$25,200 annually. The third lease is with Western Precooling Systems for 8,444 square feet of improved land. The rental rate, adjusted July 1, 2011, is \$1,055 per month and is a month-to-month lease.

District Management

The District is governed by a five-member, elected Board of Harbor Commissioners, assisted by a full-time Executive Director. The District has 21 employees who perform finance, administration and maintenance functions. The current Executive Management Team includes: Peter E. Wallace, Acting Executive Director and Deputy Executive Director - Maritime Services, Andrew J. Palomares, Director of Finance and Administration, Treasurer, Virginia Lajom, Accounting Supervisor (Deputy Treasurer), Chris Birkelo, Director of Facilities Development, Will Berg, Director of Marketing & PIO, and Nick Neilson, Manager of Maintenance.

Peter E. Wallace currently serves as Acting Executive Director and Deputy Executive Director – Maritime Services. Mr. Wallace was Director of Operations and Maintenance for five years prior to being appointed Deputy Executive Director– Maritime Services in January 2005. He was the Assistant Manager of Operations for one year prior to his promotions to Manager of Operations and subsequently, Director of Operations and Maintenance. Prior to joining the District in 1997, Mr. Wallace was employed by Metropolitan Stevedoring Company as a Terminal Superintendent and Turbana Corporation as Port Terminal Manager – Western and Gulf Coast Region. Mr. Wallace has been named Acting Executive Director commencing October 11, 2011. He will serve in this capacity until a permanent Executive Director has been designated by the Board of Harbor Commissioners. The District is actively engaged in a national search and estimates that an executive director will be selected and hired by December 31, 2011.

Andrew J. Palomares was appointed Director of Finance and Administration and District Treasurer in July 2011. Mr. Palomares was Manager of Financial Services for three years before his appointment to his current position. Prior to joining the District in 2008, Mr. Palomares was Fiscal Operations Manager for the Ventura Regional Sanitation District. Mr. Palomares holds a Bachelor of Science degree in Accounting from the University of La Verne and a Masters in Business Administration from Pepperdine University.

Anthony J. Taormina, who was appointed Executive Director on May 2006 for his second employment as Executive Director of the District, retired from the District on October 11, 2011. Mr. Taormina continues to provide professional consulting services to the District on various tasks associated with the District's activities. Mr. Taormina retired after fifteen years of experience with the District, but he has had over 35 years of U.S. Port Maritime experience. He has served as Acting Port Director at the Port of San Francisco, Executive Director of the District between 1984 and 1994, Executive Director at the Mississippi State Port Authority, Executive Director at the Port of Palm Beach Florida and Director of the Automobile Business Line at the Port of Tacoma. Mr. Taormina is a former Chair of the Ports and Channel Committee of the Transportation Research Board, former Chair of the California Association of Port Authorities and Board member of the America Association of Port Authorities.

Under the Harbor District Law, the Board of Harbor Commissioners has exclusive control and supervision of the District. The following is a table showing each member of the Board, his office, the commencement date of his first term, and the expiration date of the current term being served:

**Oxnard Harbor District
Board of Harbor Commissioners**

<u>Name</u>	<u>Office</u>	<u>First Term Commenced</u>	<u>Current Term Ends</u>
Jess Herrera	President	1995	2015
Dr. Manuel M. Lopez	Vice President	2009	2013
Jesse J. Ramirez	Secretary	1993	2013
Jason T. Hodge	Commissioner	2011	2015
Mary Anne Rooney	Commissioner	2011	2015

District-Owned Facilities

The District’s port terminal land, wharves, docks, warehouses, and other port facilities and waterway holdings total approximately 130 acres, with approximately 116 acres of land and 14 acres of waterway. In addition, the District owns fifteen acres of light industrial property (land and buildings) in the City of Oxnard that is approximately 1½ miles from the Port. The District is the exclusive member of the LLC, which owns approximately twelve miles of short line railroad right-of-way and trackage.

The District’s principal land, wharves, docks, warehouses and other port facilities consist of the South Terminal and the North Terminal. The South Terminal (Wharf No. 1) includes a total of 1,800 linear feet of berthing capabilities (approximately three berths), approximately 208,000 square feet of refrigerated transit shed storage space in three buildings, a private bulk liquid fertilizer tank farm with 11 million gallons of storage capacity, a vessel fuel tank farm facility with approximately 24,000 barrels of diesel fuel storage capacity, an improved container storage area with 136 electrical reefer receptacles for refrigerated containers, an auto storage area with a storage capacity of approximately 2,000 automobiles and other miscellaneous port facilities.

The North Terminal (Wharf No. 2) includes approximately 1,400 linear feet of berthing (two berths), an open storage space for automobiles consisting of 26.4 acres, with a storage capacity of approximately 4,500 automobiles, a warehouse (97,000 square feet) and various other port facilities. This Terminal is designed primarily to support the automobile and roll-on/roll-off cargo operations.

The District owns approximately 10 acres of light industrial property on Arcturus Road in the City of Oxnard, which is currently used for unloading automobiles delivered to the BMW distribution center by Union Pacific and VCRR from the BMW Spartanburg, South Carolina plant. The District’s other light industrial fabrication facility consists of 5.2 acres on Edison Way in the City of Oxnard. The Edison property is currently leased to Irwin Industries for

offshore oil fabrication activities. Both of these light industrial properties are located close to the Port of Hueneme (within 1 ½ miles).

Located on District owned property at the Port of Hueneme are a 5,400-square-foot office building and a 10,000-square-foot office building, the latter of which serves as the District's Headquarters. These buildings are in the process of being improved to provide an all-risk Joint Operations and Security Center(s).

District Revenue Generation Activities

The District's revenue generating activities are divided into two major areas: Ocean Freight, which includes Vessel and Cargo activities, and Real Estate activities. Based upon the District's fiscal year 2010-11 Operating Results, 88.8% of the District's operating revenues were generated from Ocean Freight, and the fiscal year 2011-12 Operating Budget forecast 92.8% of the District's operating revenues being generated from Ocean Freight. Over the past ten years, Ocean Freight has been the primary business revenue producer. The following table sets forth the gross revenue generated by Ocean Freight for the past ten years:

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OXNARD HARBOR DISTRICT
Port of Hueneme
SUMMARY OF OPERATING REVENUES GENERATED BY OCEAN FREIGHT ACTIVITY
Fiscal Years Ended June 30, 2002 through June 30, 2011
(Amounts in Thousands)

FISCAL YEAR ENDED:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Operating Revenues:										
Auto Cargo	\$ 5,032	\$ 4,784	\$ 5,423	\$ 6,637	\$ 7,197	\$ 6,668	\$ 6,525	\$ 4,142	\$ 5,068	\$5,554
Fresh Produce Cargo	1,116	1,567	1,438	2,266	2,507	2,848	2,852	3,455	2,987	2,732
Offshore Oil	695	769	651	690	672	661	611	688	716	617
Other	637	814	734	774	575	566	540	387	494	408
Total	\$ 7,480	\$ 7,934	\$ 8,246	\$ 10,367	\$ 10,951	\$ 10,743	\$ 10,528	\$ 8,672	\$ 9,265	\$9,311

Source: Oxnard Harbor District – Accounting Department

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Revenue Generating Activities by Cargo Type. The following table sets forth the cargo handled by the Port in revenue tons by commodity category for fiscal years 2001-02 through 2010-11. A revenue ton is the unit of measure used by the District in assessing rates. For example, one automobile equals one revenue ton.

OXNARD HARBOR DISTRICT
Port of Hueneme
TEN YEAR TREND – CARGO REVENUE TONS BY COMMODITY
Fiscal Years Ended June 30, 2002 through June 30, 2011

FISCAL YEAR ENDED:		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
COMMODITY TYPE ⁽¹⁾:											
AUTOMOBILES	Imports	233,115	221,132	241,995	280,007	298,090	253,011	228,936	136,145	153,862	181,042
	Exports	1,987	1,413	1,071	1,114	1,437	1,064	3,381	9,851	31,431	19,488
OTHER VEHICLES ⁽²⁾	Imports/Exports	28,349	22,840	28,478	39,700	47,018	37,622	38,626	28,841	20,362	34,334
BANANAS	Imports	395,157	433,956	403,184	548,628	581,727	648,114	609,429	602,567	640,477	603,703
FRESH FRUIT	Imports	21,556	23,775	24,079	56,598	75,378	103,216	87,233	75,094	105,518	85,034
	Exports	95,372	120,732	97,173	88,236	80,889	24,844	5,797	10,035	4,379	4,429
WOOD PULP	Imports	39,200	35,700	-	-	-	-	-	-	-	-
GENERAL CARGO	Imports/Exports	57,058	56,315	58,026	69,009	82,225	93,159	81,563	84,166	71,444	100,343
FISH	Coastwise	23,660	14,178	21,368	24,614	10,529	19,223	14,908	11,311	30,010	23,587
OFFSHORE OIL	Coastwise	79,763	88,701	76,251	83,161	73,778	65,112	56,845	66,994	72,466	49,939
	TOTAL	975,217	1,018,742	951,625	1,191,067	1,251,071	1,245,364	1,126,719	1,025,004	1,129,950	1,101,899
BULK LIQUID	Import	40,992	103,046	119,411	126,378	132,174	123,042	128,312	86,630	115,938	108,777
VESSEL FUEL	Coastwise	52,705	27,613	11,641	15,500	16,425	14,027	13,768	9,321	10,520	10,008
	TOTAL	93,697	130,659	131,052	141,878	148,599	137,070	142,081	95,951	126,458	118,785
	GRAND TOTAL	1,068,914	1,149,401	1,082,677	1,332,945	1,399,670	1,382,433	1,268,799	1,120,955	1,256,408	1,220,684
PASSENGERS											
Offshore Oil Platforms		7,010	12,162	9,870	13,076	15,798	18,151	17,883	13,532	7,037	6,659
Cruise		-	-	-	-	-	-	-	-	-	-
TOTAL		7,010	12,162	9,870	13,076	15,798	18,151	17,883	13,532	7,037	6,659

⁽¹⁾ Revenue Ton Equals: (a) Metric Ton – (1000 kgs or one cubic meter); (b) Auto – (one unit)

⁽²⁾ Other Vehicles are trucks and other heavy machinery vehicles.

Source: Oxnard Harbor District

Vessel Calls by Types of Vessels. The following table sets forth a summary of deep draft ocean freight vessel calls at the Port by vessel category for ten fiscal years beginning 2001-02 through 2010-11.

FISCAL YEAR ENDED:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>VESSEL CATEGORY:</u>										
Automobiles	148	129	142	189	199	174	140	111	134	123
Roll On/Off	49	41	47	44	44	47	49	35	29	32
Conventional (Reefer)	152	106	105	143	163	163	147	114	114	107
Barge	1	-	-	-	1	-	-	-	-	-
Liquid Bulk	19	13	10	12	13	10	12	5	8	8
Miscellaneous	16	13	11	12	6	7	7	5	9	13
TOTAL	385	302	315	400	426	401	355	270	294	283

Source: Oxnard Harbor District

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Access - Intermodal Transportation

Located on the California Coast between Los Angeles and San Francisco, the District-owned property and facilities are well served by all modes of transportation and access. The District is primarily served by U.S. 101 (the Ventura Freeway). The City of Oxnard, City of Port Hueneme, the District and the Ventura County Transportation Commission entered into a memorandum of understanding in 2000 to establish a Port Intermodal Corridor (Rice Avenue). This corridor has been improved by various local, state and federal programs. By 2014, a new Interchange at Rice Road and Highway 101 will be completed. With the completion of the interchange less than 0.7 miles of the current Port Intermodal Corridor remains to be completed. The Union Pacific Railroad main rail line between San Francisco and Los Angeles serves the District at the City of Oxnard. District users are connected to this Union Pacific line by the Ventura County Railroad Company (Rail America, Inc.), a short line railroad operating company.

Most of the Port's cargo originates or is destined for local distribution within southern California or the southwest region of the U.S.; therefore the District's customers are mostly served by truck lines. The Port is well served by all major truck lines. In 2008, the City of Port Hueneme, Oxnard and the District completed a truck traffic study to identify specific local measures that can be adopted to improve transit time on the major truck routes and to minimize impacts on residential areas. In 2008, 75% of all truck traffic departing the Port of Hueneme's Main Gate utilized the Port Intermodal Corridor.

Significant Developments in District Activities

Joint Use of U.S. Navy Wharf No. 3. Federal legislation that authorized the federal government, through the Secretary of Navy, to negotiate an agreement (the "Joint Use Agreement") with the District for use of Wharf No. 3 and 25 acres of land located on the Naval Base Ventura County – Port Hueneme was signed into law in 1994. In November 2002, the federal government and the District concluded negotiations regarding the terms and conditions of a Joint Use Agreement. The terms negotiated include allowing the District use of Wharf No. 3 for the loading and unloading of cargo consisting of 4 acres of primary property and up to 21 acres of additional secondary property adjacent to the Wharf No. 3 area. The Navy Joint Use Agreement dated November 27, 2002 between the U.S. Navy and the District expires in 2017 with three additional five year options. The District intends to exercise its options up to the maximum 30 years until 2032. The Joint Use Agreement with the Navy provides the District with the ability to provide an additional berth from time to time to support commercial activities. For the past five years, Global Auto Processors, Inc. ("GAPS") has leased up to 75 acres of land from the U.S. Navy for the automobile distribution services. Today, GAPS leases approximately 54 acres. The GAPS lease, referred to as the U.S. Navy Outlease Program (the "Outlease Program"), is complimented with a Harbor District Marine Terminal Agreement that provides an annual guarantee of 65,000 units per year (estimated to be in excess of \$ 1,000,000 per year in net revenues to the District). The current lease with the U.S. Navy expires in 2012 and the agreement with the District expires in December of 2012. Naval Base Ventura County real estate personnel advised the District that the Outlease Program will continue and a new solicitation for real estate outlease opportunities will be published at the end of 2011 or early 2012.

Designation of Foreign Trade Zone. A Foreign Trade Zone was approved on October 28, 1994 by the U.S. Department of Commerce, Foreign Trade Zone Board, for the establishment of the Oxnard/ Port of Hueneme Foreign Trade Zone No. 205 (the “Foreign Trade Zone”). Designation of the Port as a Foreign Trade Zone has permitted commercial users to store imported foreign cargo and defer customs duties until the cargo is moved to the U.S. market place. Three separate areas were included in the Foreign Trade Zone: (1) the Seaport Site, which includes all of the Port of Hueneme lands and over 600 acres of adjacent industrial land owned by the federal government; (2) the South Oxnard Site, which includes three parcels in the City of Oxnard, upon which are located the BMW Vehicle Preparation Center, Pacific Vehicle Processors and the District’s Arcturus Station, and (3) the North Oxnard Site-Terminal Freezers, Inc. facilities. Subzones and other industrial properties have been activated and deactivated based upon the specific needs of Foreign Trade Zone users. In 2011, the District applied to the Foreign Trade Zone Board for a Foreign Trade Zone Alternative Program that will permit the District to activate and expand its zone operations throughout Ventura County (up to 2,000 acres of activated zone property). This application was approved by the Foreign Trade Zone Board on October 13, 2011.

World Trade Center of Oxnard. In December 2002, the District acquired sole ownership of the local membership in the World Trade Centers Association, Inc. (New York) and the exclusive license for the World Trade Center of Oxnard (“WTCO”) for \$51,000. The World Trade Center license allows designated WTCO personnel access to 321 World Trade Centers in 97 countries worldwide. The District is developing a WTCO program to stimulate both the exporting and importing of goods and materials, as a marketing and economic development arm of the District and for public relations in promoting the Port.

NYKCool Terminal and Chiquita Banana North America. In February of 1994, the District completed construction of two on-dock refrigerated transit sheds with 137,000 square feet of storage space for use by Cool Carriers Pacific Coast, Inc. (“Cool”) now NYKCool Inc., costing \$14 million. Cool paid 30% of the construction costs, and the District paid 70%. This terminal is specifically designed to handle palletized fresh fruit. In 2011, the District entered into a modification of the NYKCool Terminal agreement to accommodate Chiquita Brands of North America’s new container service to start in January 2012. Chiquita has been a Customer of NYKCool for the past five years. The recently approved lease modification by the District will ensure the continuation of Chiquita at the Port of Hueneme over the remaining term of the NYKCool Agreement.

Confined Aquatic Disposal Project (Maintenance Dredging). The U.S. Navy is responsible for security and maintenance of the main entrance channel to the Harbor and the turning basin. Since the Harbor is located at the mouth of a deepwater undersea canyon, the main entrance channel requires periodic maintenance dredging. In 2009, the District completed a maintenance dredging project that was delayed since Fiscal Year 1999 because it was part of a proposed new deepening project. The maintenance project was completed in association with the U.S. Army Corps of Engineers, the Naval Construction and Battalion Center and the District, and was completed at a cost to the District of \$5 million. The deepening project was abandoned by the District during fiscal year 2010.

Port Security Improvement. In the past five years, the District has received in excess of \$10,000,000 in state and federal grants. These funds have allowed the District to install security assets to protect the Port of Hueneme as critical infrastructure to the State of California without relying on use of general funds or bond monies.

Competitive Considerations

The Port competes with the Ports of Los Angeles, Long Beach, San Diego and Oakland for market share of international cargo. Over the past ten years, the Port of Hueneme has maintained its market share among the four major Southern California ports and among the eleven California ports. The Port's chief competitor is the Port of San Diego.

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The following table shows a breakdown of general cargo handled by California ports in fiscal years 2001-02 through 2010-11.

OXNARD HARBOR DISTRICT
Port of Hueneme
TEN YEAR TREND - GENERAL CARGO HANDLED BY CALIFORNIA PORT AUTHORITIES
Fiscal Years Ended: June 30, 2002 through June 30, 2011

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
PORT										
Hueneme	1,003,208	973,037	1,040,769	1,181,652	1,247,095	1,236,792	1,122,096	1,019,388	1,014,324	1,097,818
Humboldt	301,871	316,092	191,666	178,256	91,174	148,549	124,888	192	-	-
Long Beach	86,692,861	88,625,218	80,646,062	97,904,884	117,349,167	127,238,965	130,488,977	123,820,513	92,416,386	113,900,633
Los Angeles	104,300,000	131,949,000	146,296,000	144,997,000	155,255,000	171,735,000	161,901,115	144,343,651	144,151,683	146,427,729
Oakland	21,594,039	21,715,970	23,639,918	25,583,898	28,850,944	29,542,310	30,603,417	29,361,677	28,940,172	30,979,623
Redwood City	-	-	-	-	-	-	-	-	-	-
Richmond	159,930	39,303	30,328	73,397	266,820	235,616	215,439	218,180	68,370	83,644
West Sacramento	-	366,267	260,797	-	-	-	-	-	-	7,020
San Diego	621,243	1,251,492	1,493,157	1,497,904	1,585,646	1,609,507	1,712,368	1,401,264	1,173,082	1,295,063
San Francisco	427,777	715,273	720,231	585,786	253,751	194,910	115,897	46,280	-	-
Stockton	296,466	275,631	193,353	239,369	428,709	387,919	390,643	267,724	212,574	326,107
TOTAL TONNAGE	215,397,395	246,227,283	254,512,281	272,242,146	305,328,306	332,329,568	326,674,840	300,478,869	267,988,161	294,138,923
REGIONS:										
SOUTHERN	192,617,312	222,798,747	229,475,988	245,581,440	275,436,908	301,820,264	295,224,556	270,584,816	238,755,475	262,721,243
Percent	89%	90%	90%	90%	90%	91%	90%	90%	89%	89%
NORTHERN	22,780,083	23,428,536	25,036,293	26,660,706	29,891,398	30,509,304	31,450,284	29,894,053	29,232,686	31,417,680
Percent	11%	10%	10%	10%	10%	9%	10%	10%	11%	11%
SIZE:										
LARGE (LB,LA, OAK)	212,586,900	242,290,188	250,581,980	268,485,782	301,455,111	328,516,275	322,993,509	297,525,841	265,508,241	291,307,985
Percent	99%	98%	98%	99%	99%	99%	99%	99%	99%	99%
SMALL (Others):	2,810,495	3,937,095	3,930,301	3,756,364	3,873,195	3,813,293	3,681,331	2,953,028	2,479,920	2,830,938
Percent	1%	2%	2%	1%	1%	1%	1%	1%	1%	1%

Source: California Association of Port Authorities

The District strives to maintain a 1% market share of the California general cargo market through year 2020.

Environmental Compliance

The District is required to comply with the provisions of a number of Federal and State laws designed to protect or enhance the environment. The Federal National Environmental Policy Act and the State of California Environmental Quality Act require consideration and disclosure of the environmental impacts of development projects. Other Federal environmental laws applicable to the District include the Resources Conservation and Recovery Act, which governs the treatment and disposal of hazardous waste; the Toxic Substances Control Act, which governs the handling and disposition of PCBs and other toxic substances; the Clean Water Act and the Marine Protection, Research and Sanctuary Act, which govern the dumping of dredged materials; and the Rivers and Harbors Act, which governs navigable waterways. Agencies charged with enforcing these laws include the United States Environmental Protection Agency (the "EPA") and the Army Corps of Engineers.

The District is also required to conform to provisions of a number of other state environmental laws, including the Hazardous Waste Control Act, which governs hazardous waste treatment and disposal. State enforcement agencies which oversee these laws include the Department of Toxic Substances Control, the State Water Resources Control Board, and the Regional Water Quality Control Board.

The EPA has declared the Ventura County Air Basin to be a non compliance district with respect to air quality, and it is under a Federal Implementation Plan to reduce air emissions. The Los Angeles Air Basin is also under the same requirements. The District is currently engaged with the State Air Resources Board, the South Coast Air Quality Management District ("SCAQMD"), and the Ventura County Air District to implement a vessel emission reduction program commencing January 1, 2014. The program is intended to assist the vessel operators and the Customers of the District to access State Proposition 1B funds to construct facilities to accommodate the use of shoreside power for refrigerated vessels. At the present time, the terms and conditions of the ARB grant award are being negotiated between the District and SCAQMD.

Employees and Labor Relations

Longshore labor is supplied to permitted stevedore and operating terminal companies at the Port of Hueneme under a contract covering the entire Pacific Coast between the International Longshore and Warehouse Union ("ILWU") and the Pacific Maritime Association ("PMA").

The District is not a member of the PMA and does not employ longshore labor. ILWU Local #46 is the longshore labor provider at the Port of Hueneme. The contract expires June 30, 2014.

In October 2002, longshore labor contract negotiations on the Pacific Coast, the PMA "locked out" the ILWU for 10 days; however, there was no material effect on the District's revenues. In the event of a coast wide labor dispute, the District may be impacted by labor lockouts or strikes. Other private sector labor agreements at the Port include the International Brotherhood of Teamsters and Operating Engineers.

As of June 30, 2011, the District employed 26 full-time employees consisting of: (1) executive position, (2) deputy executive positions, (4) mid-management positions and (3)

administrative level positions, all of which are non-union positions, plus (16) employees represented by the Service Employees International Union, (SEIU Local 998). The (16) SEIU represented employees consist of (1) administrative, (7) maintenance and (8) operations department employees.

Currently, the District has 25 full-time positions due to an August 2011 retirement of (1) deputy executive. The District reorganized itself to absorb the duties and recognize a significant net cost savings in the fiscal year 2011/2012 Budget.

The District has suffered no material adverse effects on its operations from any labor disputes with SEIU Local 998. The District approved a two-year extension to the SEIU Local 998 collective bargaining agreement without any additional compensation and changes to benefits. The agreement expires June 30, 2013.

Litigation

There are no material lawsuits or claims currently pending against the District. However, there are two open workers compensation claims currently being handled by the District's insurance carrier. The District states that such claims will not materially affect the finances of the District.

DISTRICT FINANCIAL MATTERS

General

The audited financial statements of the District for the fiscal years ended June 30 2010 and 2011 are set forth in Appendix E attached hereto, together with the Independent Auditors' Report. The District's auditors have not audited or reviewed any portion of this Official Statement other than the financial statements attached as Appendix E.

Set forth in the following table is a summary of the operating results of the District for fiscal years 2001-02 through 2010-11.

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OXNARD HARBOR DISTRICT
Port of Hueneme
TEN YEAR DEBT SERVICE SCHEDULE
Fiscal Years Ended June 30, 2002 through June 30, 2011
(Dollar Amounts in Thousands)

FISCAL YEAR ENDED:	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Gross Revenues ⁽¹⁾	\$ 9,176	\$ 9,539	\$ 9,495	\$ 11,908	\$ 13,229	\$ 13,417	\$ 12,950	\$ 10,664	\$ 11,169	\$ 10,576
Operations and Maintenance Expense ⁽²⁾	4,835	5,412	5,777	6,509	7,019	7,120	6,979	6,957	6,516	6,295
Net Revenues	\$ 4,341	\$ 4,127	\$ 3,718	\$ 5,399	\$ 6,210	\$ 6,297	\$ 5,971	\$ 3,707	\$ 4,653	\$ 4,281
Debt Serve Requirements:										
Principal	\$ 1,075	\$ 1,155	\$ 1,240	\$ 1,330	\$ 1,160	\$ 1,335	\$ 1,395	\$ 1,460	\$ -	\$ 1,560
Interest	1,499	1,421	1,338	1,745	1,924	1,870	1,806	1,738	1,628	1,631
Totals:	\$ 2,574	\$ 2,576	\$ 2,578	\$ 3,075	\$ 3,084	\$ 3,205	\$ 3,201	\$ 3,198	\$ 1,628	\$ 3,191
Debt Ratio Coverage	169%	160%	144%	176%	201%	196%	187%	116%	286%	134%
Debt Covenant Requirement	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%
Over (Under)	44%	35%	19%	51%	76%	71%	62%	-9% ⁽³⁾	161%	9%

- (1) Total revenues includes interest but excludes the contributed capital and grant funds that were generated by donated property (GASH 33).
- (2) Total operating expenses exclusive of depreciation, OPEB accrual and debt service interest expense.
- (3) The District missed its 2008-09 debt ratio coverage by 9%. To avoid this occurring in two straight years, the District defeased its Fiscal Year 2009-10 principle payment in Fiscal Year 2008-09.

Source: Oxnard Harbor District

Projection of Net Revenues and Debt Service Coverage

Set forth in the following table is a projection of net revenues and debt service coverage for fiscal years 2011-12 and 2012-13 after the refunding of all the Prior Bonds. The principal assumptions of the District in making such projections were as follows: (i) no major customers of Port will relocate operations to other ports and all current marine terminal use agreements will remain in place, (ii) no major new customer of the Port will initiate operations, (iii) District operations and maintenance expenses (exclusive of depreciation and OPEB accruals) will continue to be approximately \$6,800,000, and (iv) anticipated lowered debt service requirements. Although the District believes its assumptions to be reasonable, there can be no assurance that actual results of District operations will not significantly vary from the results projected. See "RISK FACTORS" herein.

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OXNARD HARBOR DISTRICT
Port of Hueneme
PROJECTED DEBT SERVICE SCHEDULE
Fiscal Years Ended June 30, 2012 through June 30, 2013
(\$ Amounts in Thousands)

FISCAL YEAR ENDED:	2011-12	2012-13
Gross Revenues ⁽¹⁾	\$ 10,764	\$ 10,800
Operations and Maintenance Expense ⁽²⁾	6,603	6,800
Net Revenues	\$ 4,161	\$ 4,000
<u>Debt Service Requirements</u>		
Principal	\$ -	\$ 1,600
Interest	1,498	1,249
Totals:	\$ 1,498	\$ 2,849
Debt Ratio Coverage	277%	140%
<u>Debt Covenant Requirement</u>	125%	125%
<i>Over (Under)</i>	152%	15%

(1) Total Revenues include interest but excludes the contributed capital and grant funds

(2) Total operating expenses exclusive of depreciation, OPEB accrual and debt service

Source: Oxnard Harbor District Fiscal Year 2011-12 Budget and Fiscal Year 2012-13 projection.

District Tariffs and Operating Agreements

General. The District's Port facilities (berths, terminal space, industrial land and structures) are assigned or leased to private operators and users. Unless provided for in a written agreement, all vessels requesting berthing at the Port of Hueneme are required to prepare and submit a "Berth Application and Agreement" to the District. Further, unless provided for in a written agreement, use of terminal space and buildings are assigned by use of a "Wharf Storage Space Assignment." The District takes no responsibility for care, custody or control of cargo placed on Port facilities.

Port Terminal Tariff No. 7. The District maintains and publishes Port Terminal Tariff No. 7 which establishes rules, regulations, and charges for use of Port facilities. The District and other California public ports control and determine their own individual tariff structure. The ports cooperate in setting tariff rates through review and approval by the California Association of Port Authorities ("CAPA") Tariff and Practices Committee. Under current Federal law, CAPA is exempt from Federal anti-trust laws. The District may amend from time to time the Port Terminal Tariff No. 7, and the District may approve a successor Port Terminal Tariff.

Marine Terminal Use Agreements and Certain Other Agreements. Generally, California ports enter into marine terminal use agreements with certain major users of port facilities. Such agreements outline terms and conditions for use of port facilities, including preferential berth assignments, revenue sharing on tariff charges, rate adjustments and

guaranteed minimum annual payments. All of these agreements are public records and subject to Federal Maritime Commission rules and regulations.

The following table provides a summary of the terms of the District's current terminal use agreements.

**OXNARD HARBOR DISTRICT
Port of Hueneme
MARINE TERMINAL USE AGREEMENT**

<u>Customer</u>	<u>Term</u>	<u>Current Expiration Date</u>	<u>Minimum Annual Guaranteed</u>	<u>Revenue Sharing</u>	<u>Use and Premises</u>
Wallenius Wilhelmsen Logistics, LLC	Two remaining 5-year option	12/31/2013	\$ 1,837,388	* 70% District and 30% customer over \$1,500,000	Load and unload vehicles and general cargo, North Terminal (28 acres of outside space)
NYKCool USA, Inc.	Two remaining 5-year options	12/19/2013	\$ 1,277,501	All revenue from NYKCool \$0-\$900,000 70% to District \$900,001-\$1,350,000 60% to the District \$1,350,001 and over 50% to the District	Load and unload fresh fruit (citrus/bananas) and general cargo, South Terminal (137,000 sq. ft. refrigerated transit shed) and up to 120 container slots.
BMW of North America LLC	Two remaining 5-year option	12/31/2013	n/a	Incentive of \$3.50 for autos moved within 48 hours	Load and unload vehicles, North and South Terminals (sufficient area for up to 4,000 autos)

<u>Customer</u>	<u>Term</u>	<u>Current Expiration Date</u>	<u>Minimum Annual Guaranteed</u>	<u>Revenue Sharing</u>	<u>Use and Premises</u>
Del Monte Fresh Product N.A., Inc.	Two 5-year option	03/31/2013	\$864,235	70% District and 30% customer for first 250,000 tons, above 250,000 tons 60% and 40%	Load and unload fresh fruit and general cargo, South Terminal 86,000 sq. ft. refrigerated transit shed
Yara North America, Inc.	Termination with 6 month notice and payment of 1 years rent plus \$150,000.00	03/31/2028	\$n/a	80% District and 20% customer on wharfage only	Tank farm for the storage and distribution of liquid fertilizer (130,680 sq. ft. of improved Land) 5 holding tanks
Global Auto Processing Services Inc.	none	12/31/2012	65,000 auto import/export	* after revenue of 1,700,000.00 70% District 30% Customer	Load and unload vehicles, from District Wharves and delivered to Navy out lease property

*Subject to adjustment based on changes in CPI.
Source: Oxnard Harbor District.

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Major Customers by Revenue

The table below lists the top ten customers of the District by revenue generated for fiscal year 2010-11.

OXNARD HARBOR DISTRICT Port of Hueneme TOP CUSTOMERS BY REVENUE Fiscal Year 2010-11

CUSTOMER	OWNERSHIP	BUSINESS ACTIVITY	ANNUAL REVENUE	% of Total Revenue	ANNUAL TONNAGE	% of Total Tonnage
Wallenius Wilhelmsen Logistics, LLC Woodcliff Lake, New Jersey	Wallenius Wilhelmsen Stockholm, Sweden Oslo, Norway	Vehicle Transport Carrier Customers: Major foreign and domestic automobile manufacturers, specialized general cargo, and roll on / roll off cargo.	\$2,038,840	19.6%	165,048	13.4%
BMW of North America LLC Oxnard, CA	BMW Group Munich, Germany	Importer/Vehicle Processor Automobiles from Europe-BMW, MINI Cooper, Rolls Royce	\$1,794,757	17.1%	70,310	5.8%
Del Monte Fresh Produce N.A., Inc. Port Hueneme, CA	Del Monte Fresh Produce Co. Coral Gables, Florida	Fruit Importer/Exporter Refrigerated Vessel Operator Bananas/Tropical Fruit from Central & South America	\$1,719,214	16.4%	433,337	35.5%
GAPS- Global Auto Processing Services Inc. Port Hueneme, CA	Glovis America Inc. Costa Mesa, CA	Vehicle Transport Carrier Customers associated with Glovis Logistics (e.g. Hyundai, Kia) and other U.S. domestic manufacturers.	\$1,692,634	16.1%	73,994	6.1%
NYKCool USA Inc. Port Hueneme, CA	LauritzenCool AB Stockholm, Sweden	Refrigerated Vessel Operator Customer: Chiquita Bananas, importer from Central and South America	\$1,039,508	9.9%	284,829	23.3%
Yara North America, Inc. Port Hueneme, CA	Yara North America, Inc. Tampa, Florida	Liquid Bulk Fertilizer Importer from Europe	\$ 439,461	4.2%	104,698	8.6%
EXXON Co. USA	EXXON/Mobile Corporation	Production and exploration in the Offshore Oil Industry	\$ 315,930	3.0%	30,586	2.5%
Marine Terminals Corp. (Ports America)	High Star Capital Iselin, NJ	Stevedore Company specializing in the movement of international trade.	\$ 264,122	2.5%	0	0.0%
Irwin Holdings Company	Irwin Industries Long Beach, CA	Industrial construction and maintenance service providers serving the on shore and off shore oil and gas industries.	\$ 202,497	1.9%	0	0.0%
Plains Exploration & Prod Co.	Plain Exploration & Production Co. Houston TX	Production and exploration in the Offshore Oil Industry	\$ 199,980	1.9%	20,391	1.7%
ALL OTHER	Various	Misc	\$ 780,919	7.4%	37,491	3.1%
TOTAL			\$10,487,862	100%	1,220,684	100%

Source: Oxnard Harbor District.

District Transactions with the City of Port Hueneme

Pursuant to an agreement dated October 20, 1983, the District compensates the City of Port Hueneme (the "City") for certain services provided by the City to the District. Compensation is based on approximately 3.33% of the District's previous year's gross operating revenues. Amounts paid to the City during fiscal years 2009-10 and 2010-11 totaled \$347,397 and \$343,695, respectively.

Additionally, beginning in fiscal year 1988-89, the District began compensating the City under a separate agreement dated March 18, 1987 (the “1987 Agreement”) to mitigate the environmental impacts of the District’s Wharf No. 2 project (see “THE OXNARD HARBOR DISTRICT - District –Owned Facilities” herein). Compensation is based on approximately 1.67% of the District’s previous year’s gross operating revenues and \$2.75 for each motor vehicle convoyed on the City’s streets from the first point of rest on the Port to vehicle processing centers located off the port. During fiscal years 2009-10 and 2010-11, amounts paid to the City under this agreement totaled \$396,115 and \$482,698, respectively.

In December 1993, the District paid the City an advance of \$221,420 pursuant to the terms of the Development Permit No. PHPD-734 (Cool Carriers) Conditions for the Certificate of Occupancy. Beginning July 1, 1994, the District was entitled to deduct \$1,845 of this advance each month from amounts owed to the City under the 1987 Agreement. In 1997, the District paid the City \$258,154 as an advance, which is being credited to the District’s payments to the City beginning in July, 1999 at a rate of \$1,845 per month.

In December 1995, the District entered into a Memorandum of Understanding regarding the Naval Civil Engineering Laboratory (“NCEL”) property, with the City of Port Hueneme and the Port Hueneme Surplus Property Authority concerning the acquisition and use of the NCEL property. This agreement required the District to remit to the City of Port Hueneme a payment of \$150,000 for use by the City in constructing traffic improvements necessary to serve the NCEL property, a premium of \$.71 per vehicle above the rate specified in the 1987 Agreement between the District and the City for all automobiles in excess of 50,000 convoyed on City streets, and an annual amount, adjusted for changes in the consumer price index, ranging from \$30,000 to 3% of gross operating revenues, whichever is greater. For fiscal years 2009-10 and 2010-11, amounts allocated to the City under this agreement totaled \$200,304 and \$208,164 respectively.

Long-Term Debt

Upon the issuance of the Series 2011 Bonds and the refunding of the Prior Bonds, the only long-term debt the District will have outstanding will be the Series 2011 Bonds.

Retirement Plans

All District employees participate in the California Public Employees’ Retirement System (“CalPERS”), administered by the State of California. CalPERS is an agent multiple-employer defined benefit retirement plan and provides retirement, disability and death benefits. The District’s payroll for employees covered by CalPERS was \$2,325,250 for fiscal year 2010-11. The District’s total payroll for that period was \$2,619,785.

Under the CalPERS plan, the District’s contribution will vary annually based, in part, on changes in economic conditions as those changes impact the valuation of the CalPERS assets. Presently, the District contributes 12.514% of qualified payroll, plus 8% for the employee’s share.

The District’s total CalPERS contributions were \$472,701 and \$476,052 for fiscal years 2009-10 and 2010-11, respectively.

Other Post-Employment Benefits

In addition to the pension benefits described above, the District provides post-retirement health care, vision care, dental care and life insurance benefits, in accordance with the Board of Harbor Commissioners employee benefit resolutions, to all employees who retire from the District and meet the age and years of service requirements as specified in such resolutions. Retired Harbor Commissioners are subject to additional eligibility requirements as specified in Government Code Section 53201. The District contributes a fixed amount for health care benefits, (ranging from 60% to 100% of the premium), 100% of the premium for the retiree and one dependent for vision and dental care, and 100% of the premium for the retiree for life insurance. The post-retirement vision care, dental care, and life insurance benefits became effective July 1, 1991. As of the end of fiscal year 2010-11, 21 retirees meet the eligibility requirements for the health care benefit, 13 retirees meet the eligibility requirements for vision and dental care and 11 retirees meet the eligibility requirements for life insurance. Expenditures for post employment retirement benefits are recognized on a monthly basis as premiums are paid. Expenditures of \$189,073 and \$164,674 were recognized for post-retirement health care, vision care, dental care, and life insurance benefits during the years ended June 30, 2011 and 2010, respectively.

The District administers its post-employment benefits plan, a single-employer defined benefit plan. The following requirements must be satisfied in order to be eligible for lifetime post-employment medical benefits: (1) Attainment of age 50, and 5 years of full-time service, and (2) Retirement from CalPERS and from the District (the District must be the last employer prior to retirement). Former Harbor Commissioners must have served at least three 4-year terms (12 years) to qualify for medical benefits. Lifetime dental and vision benefits are provided upon retirement after age 55 with at least 10 years of service. Retiree life insurance benefits are provided upon retirement after either (1) age 55 with at least 15-years of service, or (2) age 62 to 65 with at least 10-years of service. Former Harbor Commissioners must have served at least three 4-year terms (12 years) to qualify for lifetime dental, vision and life insurance benefits.

The District offers lifetime post-employment medical to employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Eligible retirees may enroll in any plan available through the CalPERS medical program. Each year the District establishes a maximum monthly premium that the District will pay for medical benefits; the maximum monthly premium that the District will pay for calendar year 2011 and 2010 is \$1,190 and \$1,190, respectively.

The District is required to contribute the Annual Required Contribution (“ARC”) of the Employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 (“GASB. 45”). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 30.1% of the annual covered payroll.

The District funds the plan on a pay-as-you-go basis and maintains reserves (and records a liability) for the difference between pay-as-you-go and the actuarially determined ARC cost.

For the year ended June 30, 2011 and 2010, the District's ARC cost is \$734,461 and \$741,738, respectively. The District's net OPEB payable obligation amounted to \$2,160,425 and \$1,615,037 for the years ended June 30, 2011 and 2010, respectively. The District contributed \$189,073 and \$164,674 in age adjusted contributions for current retiree OPEB premiums for the years ended June 30, 2011 and 2010, respectively.

The balance at June 30, consists of the of following:	2011	2010	2009
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 774,582	790,138	736,204
Interest on net OPEB obligation	64,601	-	24,200
Adjustment to annual required contribution	(104,722)	(48,400)	-
Total annual OPEB expense	734,461	741,738	760,404
Change in net OPEB payable obligation:			
Age adjusted contributions made	(189,073)	(164,674)	(206,428)
Total change in net OPEB payable obligation	545,388	577,064	553,976
OPEB payable – beginning of year	1,615,037	1,037,973	483,997
OPEB payable – end of year	\$ 2,160,425	1,615,037	1,037,973

Insurance

The District purchases commercial insurance policies to cover catastrophic and other losses that cannot prudently be assumed by the District. Those policies currently include the following: (a) property insurance with a limit of \$50 million covering all risks excluding earthquake and flood; coverage of \$20 million per occurrence for property damage due to terrorism, coverage of \$5 million for business interruption, (b) general liability insurance in the amount of \$1 million, (c) excess liability insurance in the amount of \$150 million (California Association of Port Authorities insurance pool), (d) public officials liability insurance in the amount of \$10 million, and (e) business automobile insurance covering liability and property damage in the amount of \$1 million.

Port users with leases and use agreements are required to maintain a minimum of one million general liability coverage naming the District as additional insured under such agreements.

RISK FACTORS

The following section describes certain risk factors affecting the payment of and security for the Series 2011 Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2011 Bonds and the order presented does not necessarily reflect the relative importance of the various issues. Potential investors are advised to consider the following factors, along with all other information in this Official Statement, in evaluating the Series 2011 Bonds. There can be no assurance that other risk factors will not become material in the future.

General

The payment of principal of and interest on the Series 2011 Bonds is secured solely by a pledge of the Net Revenues and certain funds under the Indenture. The realization of the Net Revenues is subject to, among other things, the capabilities of management of the District, the

ability of the District to stay competitive in the maritime terminal service industry, and the District's success in managing and developing property in the Harbor Facilities.

Among other matters, general and local economic conditions and changes in law and government regulations could adversely affect the amount of Net Revenues realized by the District.

Competitive Industry; Inability to Raise Rates

The District operates within a competitive maritime industry but do not necessarily compete with the bigger container ports. The Port is a niche port and customers who come to the Port do so because of the Port's facilities and location. Unlike many municipal utilities, ports generally cannot raise revenue simply by raising rates to sufficiently meet expense requirements. The Port's tariffs, fees and marine terminal use agreements are set competitively and influenced externally by the market for maritime port services.

National Mobilization

In the event of a national emergency and mobilization, the U.S. Navy has the right to terminate its existing lease agreement with Global Automobile Processors for use of Navy property for the storage and distribution of vehicles unloaded at the Port of Hueneme. Also, in the event of full national mobilization, the federal government has the right to take possession of the District's Wharf-2 and associated backland purchased from the U.S. Navy in 1984. The District believes that it is unlikely that the federal government will exercise any of its rights to Port facilities in the event of a national mobilization. Recently in times of military mobilization for combat in Iraq and Afghanistan, natural disasters, or humanitarian missions, the federal government has generally fulfilled its requirements for mobilization and movement of materials and supplies through private marine terminals at commercial ports. While Hueneme Harbor is a Department of Defense Strategic Port, the commercial portions are not considered U.S. Department of Transportation Maritime Administration Strategic Port. There is no existing Port Planning Order ("PPO") for the use of the Port of Hueneme by the Department of Defense in case of mobilization.

Concentration of Types of Cargo

The District has concentrated its efforts in the area of fresh fruit and vehicles. Historical trends have shown the markets for these two commodity types to be stable, though seasonal. Banana imports are generally not subject to the same seasonal fluctuations as other fresh fruit commodities and, to some degree, stabilize the overall fluctuations of the fruit market experienced by the District. The market for fruit may be significantly affected by weather and pest infestation. While automobile and truck imports/exports are subject to worldwide market conditions, several of the District's primary customers have made capital investments within the vicinity of the Port. Any adverse changes to the market for these products are likely to directly impact the demand for Port services. Risks associated with certain products handled by the Port include any environmental damage and subsequent litigation normally associated with the use of or transport of such products. See "THE OXNARD HARBOR DISTRICT – District Port Terminal Revenue Generation Activities" herein.

Related Party Transactions

The District, which is governed by a five-member Board of Harbor Commissioners elected at large from within the geographical boundaries of the District, derives its principal source of revenues from vessel services under tariffs and contracts with Port customers. Two of the five current members of the Board of Harbor Commissioners are frequently employed by various stevedoring companies, which in turn contract with various customers of the District for labor services at the Port. In fiscal year 2010-11, the amount of District revenues derived from these customers was approximately \$8,725,112.

Real Estate Activity

The District derives a modest portion of its revenues from facilities and ground lease activity. Actual realization of revenues from the District's property management activities in the future is subject to risks customarily associated with ownership and development of revenue-producing property, including defaults and early cancellation of a significant number of the District's leases, the ability to continue to market and lease facilities and real property in the future and the costs associated with operating and marketing rental property in a condition both suitable and acceptable for occupancy by various types of tenants.

Environmental Risks

The District, as owner of the Harbor Facilities, has potential liability under various State and Federal environmental statutes, laws and regulations. Among the types of regulatory requirements that must be met by the District and its customers are: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos, polychlorinated biphenyls, and radioactive substances; and requirements for providing notice to employees and members of the public about hazardous materials and wastes and other requirements. Additionally, in its role as a property owner, the District may be subject to liability for investigating and remedying contamination caused by any hazardous substances that have come to be located on its property, including contamination caused by any such substances that may have migrated off of the property. No assurance can be given that environmental conditions do not now or will not in the future exist on the District's property which could become the subject of enforcement actions by governmental agencies and result in material adverse consequences to the operations or financial condition of the District. See "THE OXNARD HARBOR DISTRICT – Environmental Compliance" herein.

Earthquakes, Floods and Other Natural Disasters

Earthquakes, floods or other natural disasters could interrupt operation of the Harbor Facilities and cause increased costs and thereby interrupt the ability of the District to realize Net Revenues.

California is located within the Pacific Ring of Fire. Earthquake activity occurs throughout the State to some degree. The region in which the Port is located has experienced several seismic events per year although most have been small and detected only by instruments.

Two earthquakes offshore of the Port occurred in 1973 - the Point Mugu earthquake and the Anacapa earthquake. The District's facilities were not damaged in either of these events. The District also was not damaged in either the Northridge earthquake which occurred in January 1994 or the San Simeon earthquake which occurred in December 2003.

The District had no damage as a result of the March 11, 2011 earthquake and tsunami in Japan.

The District employs professional design engineering firms who use modern design practices, which take into consideration the potential for earthquake damage, in the design and construction of its facilities. Buildings constructed in recent years have all been designed in accordance with the earthquake resistance standards contained in local building codes. A large portion of the District's facilities have been built since 1985.

It is possible that the District could sustain damage to its facilities in a major seismic, both from ground motion and possible liquefaction of underlying soils. Damage could include slope failures along the shoreline, pavement displacement, distortions of pavement grades, breaks in utility, drainage and sewage lines, displacement or collapse of buildings, failure of bulkhead walls and rupture of gas and fuel lines. Any such destruction could adversely affect the District's ability to conduct maritime service and property management activities and, as a result, adversely affect the ability of the District to realize Net Revenues and make payments on the Series 2011 Bonds. The District does not maintain insurance to cover physical damage caused by an earthquake, nor does the Indenture require the District to maintain earthquake insurance on its facilities.

Investment of Funds

All moneys in the funds under the Indenture may be invested by the District from time to time in any investments which are legal for investment of District funds under California law. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture will be invested by the Trustee solely in permitted investments under the Indenture. "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture will be deposited in the fund or account from which such investment was made. For purposes of acquiring any investments, the Trustee may commingle funds held by it pursuant to the Indenture upon the request of the District. The Trustee may act as principal or agent in the acquisition of any investment. The Trustee will incur no liability for losses arising from any investments made in accordance with the Indenture. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Limitations on Remedies and Bankruptcy

The ability of the District to increase rates, fees and charges and to comply with its covenants under the Indenture and to generate Net Revenues sufficient to pay principal of and interest on the Series 2011 Bonds may be adversely affected by actions and events outside of the

control of the District including changes in the maritime terminal services industry and general market conditions in the regional economy. Furthermore, any remedies available to the owners of the Series 2011 Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the Indenture, the rights and obligations under the Series 2011 Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against cities in the State. Various legal opinions to be delivered concurrently with the issuance of the Series 2011 Bonds will be so qualified. A complete copy of the proposed form of opinion of bond counsel is set forth in Appendix D hereto. In the event the District fails to comply with its covenants under the Indenture or to pay principal of or interest on the Series 2011 Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the holders of the Series 2011 Bonds.

The enforcement of the remedies provided in the Indenture could prove both expensive and time consuming. In addition, the rights and remedies provided in the Indenture may be limited by and are subject to provisions of the federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect creditors' rights. If the District were to file a petition under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), the Bondholders and the Trustee could be prohibited or severely restricted from taking any steps to enforce their rights under the Indenture.

Limited Obligations

The Series 2011 Bonds are limited obligations of the District and are not secured by a legal or equitable pledge or charge or lien upon any property of the District or any of its income or receipts, except the Net Revenues of the Harbor Facilities. The District is obligated under the Indenture to make debt service payments on the Series 2011 Bonds solely from Net Revenues. There is no assurance that the District can succeed in operating the Harbor Facilities Enterprise such that the Net Revenues in the future amounts projected in this Official Statement will be realized.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Series 2011 Bonds or, if a secondary market exists, that any Series 2011 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Change in Law

No assurance can be given that the State electorate will not at some future time adopt initiatives or that the Legislature of the State of California will not enact legislation that will amend the laws or the Constitution of the State of California, resulting in a reduction of Revenues and, consequently, having an adverse effect on the Net Revenues pledged as security for the Bonds.

STATE PROPOSITION 218

On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIII C and XIII D to the California Constitution, and contains a variety of interrelated provisions concerning the ability of local governments, including the District, to impose both existing and future taxes, assessments, fees and charges.

Article XIII C removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. Consequently, voters could, by future initiative, seek to repeal, reduce, or prohibit the future imposition or increase of, any local tax, assessment, fee or charge. “Assessment,” “fee,” and “charge” are not defined in Article XIII C and it is unclear whether the definitions of such terms contained in Article XIII D (which are generally property-related as described below) are so limited under Article XIII C.

Article XIII D conditions the imposition of a new or increased “fee” or “charge” on either voter approval or the absence of a majority protest, depending upon the nature of the fee or charge. The terms “fee” and “charge” are defined to mean levies (other than ad valorem taxes, special taxes and assessments) imposed by a local government upon a parcel or upon a person as an incident of the ownership or tenancy of real property, including a user fee or charge for a “property-related service.” No assurance can be given that voters will not, in the future, approve initiatives which seek to repeal, reduce, or prohibit the future imposition or increase of, assessments, fees, or charges, including the District’s fees and charges, which are the source of Net Revenues pledged to the payment of debt service on the Series 2011 Bonds. The District believes that Article XIII D does not apply to Harbor Facilities fees and charges imposed by the District.

The interpretation and application of the Proposition 218 will ultimately be determined by the courts or through implementing legislation. The District is unable to predict the outcome of any such litigation or legislation. The District does not plan to levy any local taxes or assessments on property in the District.

RATING

Standard & Poor’s Ratings (“S&P”) has assigned the Series 2011 Bonds the rating of “BBB”. Such rating reflects only the view of S&P, and any explanation of the significance of such rating and any ratings on any of the District’s outstanding indebtedness should be obtained from such rating agencies. There is no assurance that any such ratings will be issued or retained for any given period of time or that any such ratings will not be revised downward or withdrawn

entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. The District and the Underwriter undertake no responsibility either to notify the owners of the Series 2011 Bonds of any revision or withdrawal or to oppose any such revision or withdrawal. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2011 Bonds.

CONTINUING DISCLOSURE

The District has covenanted in a Continuing Disclosure Agreement for the benefit of the holders and beneficial owners of the Series 2011 Bonds to provide certain financial information and operating data by not later than March 31 following the end of the fiscal year (currently its fiscal year ends on June 30) (the “Annual Report”), commencing with the fiscal year ending June 30, 2012, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of material events will be filed by the Trustee as Dissemination Agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports and the notice of material events is set forth in Appendix F — “FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. In connection with the prior issuance of bonds and certificates of participation, the District has not breached a continuing disclosure obligation within the past five years.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Series 2011A Bonds from the District at a purchase price equal to \$17,740,801.70 (representing the aggregate principal amount of the Series 2011A Bonds, less \$169,000.00 of Underwriter’s discount, plus \$439,801.70 of original issue premium) and to purchase the Series 2011B Bonds from the District at a purchase price equal to \$7,019,849.45 (representing the aggregate principal amount of the Series 2011B Bonds, less \$66,650 of Underwriter’s discount, less \$133,500.55 of original issue discount). The Underwriter is obligated to purchase all of the Series 2011 Bonds if any are purchased. The Series 2011 Bonds may be offered and sold by the Underwriter to certain dealers and others at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), except that no opinion is expressed as to the status of interest on any Series 2011A Bond for any period that such Series 2011A Bond is held by a “substantial user” of the facilities financed or refinanced by the Series 2011A Bonds or by a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel observes, however, that interest on the Series 2011A Bonds is a specific preference item

for purposes of the federal individual and corporate alternative minimum taxes. In the further opinion of Bond Counsel, interest on the Series 2011B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Series 2011 Bonds is exempt from State of California personal income taxes. A complete copy of the proposed forms of opinions of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series 2011 Bonds is less than the amount to be paid at maturity of such Series 2011 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2011 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2011 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2011 Bonds is the first price at which a substantial amount of such maturity of the Series 2011 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 Series 2011 Bonds accrues daily over the term to maturity of such Series 2011 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 Series 2011 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2011 Bonds. Beneficial owners of the Series 2011 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2011 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2011 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2011 Bonds is sold to the public.

Series 2011 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 the 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 beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2011 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2011 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2011 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2011 Bonds. The opinion of Bond Counsel assumes the

accuracy of these representations and compliance with these 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), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2011 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2011 Bonds. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2011 Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

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

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2011 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2011 Bonds ends with the issuance of the Series 2011 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the beneficial owners regarding the tax-exempt status of the Series 2011 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is

difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2011 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2011 Bonds, and may cause the District or the beneficial owners to incur significant expense.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Series 2011 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel makes no representations as to the accuracy of the Official Statement. A complete copy of the proposed form of the opinion of Bond Counsel is attached as Appendix D hereto. Certain legal matters in connection with the Series 2011 Bonds will be passed upon for the District by Nelson Comis Kahn & Sepulveda, LLP, Oxnard, California, and by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Disclosure Counsel to the District.

VERIFICATION

Upon delivery of the Series 2011 Bonds, the arithmetical accuracy of certain computations included in the schedules provided by the Underwriter on behalf of the District relating to the: (i) adequacy of cash to be held pursuant to the Escrow Agreement and (ii) forecasted payments of principal and interest with respect to the Prior Bonds on and prior to their projected maturity and/or redemption dates, will be verified by Grant Thornton LLP, independent certified public accountants (the "Verification Agent"). Such verification shall be based solely upon information and assumptions supplied to the Verification Agent by the Underwriter. The Verification Agent has not made a study or evaluation of the information and assumptions on which such computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of the forecasted outcome.

MISCELLANEOUS

This Official Statement includes descriptions of the term of the Series 2011 Bonds, the Indenture and certain provisions of the laws of the state of California. Such descriptions do not purport to be complete, and all such descriptions and references thereto are qualified in their entirety by reference to each such document and the laws of the state of California.

The execution and distribution of this Official Statement have been duly authorized by the District.

OXNARD HARBOR DISTRICT

By: /s/ Peter E. Wallace
Acting Executive Director

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

DEFINITIONS

The following are definitions of certain terms used in this Summary of Certain Provisions of the Indenture.

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest falling due on all Outstanding Bonds in such Fiscal Year, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from the Principal Account as scheduled, plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Fiscal Year, plus (3) the minimum amount of all Outstanding Term Bonds required to be redeemed or paid in such Fiscal Year; provided, that as to any Bonds bearing interest at other than a fixed interest rate, the rate of interest used to calculate Annual Debt Service shall be calculated at an assumed interest rate of twelve per cent (12%) per annum during the twelve (12) calendar months next preceding the date of such calculation (or the portion of the then current Fiscal Year that such Bonds have borne interest); and provided further, that as to any Bonds having twenty-five per cent (25%) or more of the aggregate principal amount thereof due in any one Fiscal Year, Annual Debt Service shall be calculated for the Fiscal Year of determination as if the interest on and principal of such Bonds were being paid from the date of issuance thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of such Bonds, with such interest calculated at an assumed interest rate of the lesser of (i) twelve per cent (12%) per annum, or (ii) the then current Revenue Bond Index as calculated by The Bond Buyer; and provided further, that as to any Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or such portions thereof, such accreted discount shall be treated as interest in the calculation of Annual Debt Service; and provided further, that Annual Debt Service shall not include interest on the Bonds which is to be paid from amounts on deposit in the Interest Account constituting capitalized interest; and provided further, that if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Bonds to which it relates, no amounts payable under such interest rate swap agreement shall be included in the calculation of Annual Debt Service unless the sum of (i) the interest payable on such Bonds (which, if such Bonds bear interest at other than a fixed interest rate, shall be calculated at an assumed interest rate of twelve per cent (12%) per annum), plus (ii) the amount payable by the District under such interest rate swap agreement, less (iii) the amount receivable by the District under such interest rate swap agreement, is greater than the interest payable on such Bonds, in which case the amount of such payments to be made that exceeds the interest to be paid on such Bonds shall be included in such calculation, and for this purpose, the variable amount payable under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in the first proviso of this definition.

“Authorized Investments” means any of the following obligations which at the time of purchase are legal investments for funds of the District under the laws of the State of California for the money proposed to be invested herein and which are approved by and satisfactory to the Bond Insurers:

(i) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof hereinafter designated when such obligations are backed by the full faith and credit of the United States of America, which obligations are limited to:

- U.S. Treasury Obligations
All direct or fully guaranteed obligations
- Farmers Home Administration
Certificates of beneficial ownership
- General Services Administration
Participation certificates
- U.S. Maritime Administration
Guaranteed Title XI financing
- Small Business Administration
Guaranteed participation certificates

- Guaranteed pool certificates
 - Government National Mortgage Association (GNMA)
 - GNMA guaranteed mortgage backed securities
 - GNMA guaranteed participation certificates
 - U.S. Department of Housing & Urban Development
 - Local authority bonds
 - Washington Metropolitan Area Transit Authority
 - Guaranteed transit bonds.

(ii) Obligations of instrumentalities or agencies of the United States of America, which obligations are limited to:

- Federal Home Loan Mortgage Corporation
 - Participation certificates
 - Debt obligations
 - Federal Home Loan Banks
 - Consolidated debt obligations
 - Letter of credit backed issues
 - Federal National Mortgage Association
 - Debt obligations
 - Mortgage backed securities (Excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal).

Book entry securities listed in subsections (i) and (ii) above must be held in a trust account with the Federal Reserve Bank or with a clearing corporation or chain of clearing corporations which has an account with the Federal Reserve Bank.

(iii) Federal Housing Administration debentures.

(iv) Commercial paper, payable in the United States of America, having original maturities of not more than ninety two (92) days and which are rated in the highest rating category by Moody's and by S&P.

(v) Interest bearing demand or time deposits issued by state banks or trust companies, savings and loan associations, federal savings banks or any national banking associations, the deposits of which are insured by the Bank Insurance Fund (BIF) or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (SAIF) or any successors thereto, which deposits: (a) must be continuously and fully insured by BIF or SAIF, (b) must have maturities of less than three hundred sixty six (366) days and be deposited with banks the short term obligations of which are rated at least P-1 by Moody's and A-1+ by S&P, or (c) must be collateralized by securities listed in clauses (i), (ii) or (iii) of the definition of Authorized Investments.

(vi) Money market mutual funds or portfolios investing in short-term US Treasury securities rated AAAM or AAAM G by S&P.

(vii) Such other investments as are approved in writing by the Bond Insurers.

All obligations are to be valued on a marked to market valuation conducted on a semiannual basis by the Trustee, and the Trustee shall promptly deliver copies of such semiannual valuations to the Bond Insurers. "Average Annual Debt Service" means, as of any date of calculation by the District, the average Annual Debt Service during the period from the date of such calculation through the final maturity date of all Outstanding Bonds.

"Board" means the Board of Harbor Commissioners of the District.

"Bond Insurer" means any issuer of a Municipal Bond Insurance Policy on any Series of the Bonds (or any portion thereof) obtained by the District.

“Bonds” means the Revenue Bonds authorized to be issued by the District under the Master Indenture and under all Supplemental Indentures.

“Bond Service Fund” means the existing Oxnard Harbor District Revenue Bonds Bond Service Fund, initially established pursuant to Ordinance No. 176 and maintained by the Trustee pursuant to the Master Indenture.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banks located in Los Angeles California, are required or authorized to remain closed.

“Certificate of the District” means an instrument in writing signed by the Director of Finance and Administration, Treasurer of the District, the Executive Director of the District, the Acting Executive Director of the District, or by any other officer of the District duly authorized by the Board for that purpose..

“Code” means the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

“Construction Fund” means the Oxnard Harbor District Revenue Construction Fund No. 1995, established pursuant to the Law and maintained by the Treasurer pursuant to the Master Indenture.

“Depository” means the bank described in the Master Indenture, appointed by the District and acting as a depository of money under the Master Indenture with the duties therein prescribed, and its successors or assigns, or any other bank or trust company organized under the laws of the State of California or any national banking association (including the Trustee) with an office in Oxnard, California, that may at any time be substituted in its place by the District as a depository of money under the Master Indenture.

“District” means the Oxnard Harbor District, a harbor district duly organized and existing under and pursuant to the Law.

“Event of Default” means any event described as such in the Master Indenture.

“Federal Securities” means (i) United States of America Treasury bills, notes, bonds or certificates of indebtedness, or (ii) obligations the payment of the interest on and principal of which constitute direct obligations of, or are unconditionally guaranteed by, the full faith and credit of the United States of America, or (iii) obligations evidencing direct ownership interests in obligations enumerated in clauses (i) or (ii) of this definition or in specified portions of the interest on or principal of such obligations that are held by a custodian in safekeeping on behalf of the owners of such obligations, or (iv) tax-exempt obligations of a state or a political subdivision thereof that have been defeased under irrevocable escrow instructions with obligations enumerated in clause (i) of this definition and that are rated in the highest rating category by Moody’s (if Moody’s is then rating the Bonds) and S&P (if S&P is then rating the Bonds).

“Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or any other annual accounting period selected and designated by the District as its Fiscal Year in accordance with the Law and identified in writing to the Trustee and Moody’s (if Moody’s is then rating the Bonds) and S&P (if S&P is then rating the Bonds).

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Harbor Facilities” means all works, property and facilities now owned or leased by the District, and used by and useful to the District for providing a deep water commercial harbor known as the Port of Hueneme, comprising all harbor works and facilities of the District, including all grain elevators, bunkering facilities, belt

railroads, floating plants, lighterage, towage facilities and watercraft owned, controlled or operated by the District in or upon or pertaining to the lands, improvements and waters of the District used or useful for, or necessary for or incidental to, the development and operation of the Port of Hueneme and the provision of Harbor Service, together with all improvements to such works, property and facilities or any part thereof hereafter acquired or constructed by the District.

“Harbor Service” means the use of any of the Harbor Facilities or the services furnished or provided by any of the Harbor Facilities.

“Indenture” means the Master Indenture and all Supplemental Indentures.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the District, and who, or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have any substantial interest, direct or indirect, with the District; and
- (3) is not connected with the District as a member of the Board or an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 65 Broadway, 16th Floor, New York, New York 10006; Moody’s “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; Standard and Poor’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004; and any other information service providing information with respect to called bonds that the District may designate in writing to the Trustee.

“Interest Account” means the account by that name within the Bond Service Fund, established pursuant to the Law and maintained by the Trustee pursuant to the Master Indenture.

“Interest Payment Date” with respect to each Series of Bonds, shall have the meaning specified in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds.

“Investment Agreement” means an investment agreement or guaranteed investment contract by and between the District and any bank or trust company or savings and loan association organized under the laws of any state, commonwealth or territory of the United States of America or any national banking association (including the Trustee) or other financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability which (in either case) is rated not lower than “Aa” by Moody’s (if Moody’s is then rating the Bonds) and “AA” by S&P (if S&P is then rating the Bonds).

“Law” means the Harbor District Law of the State of California, being Sections 6000 et seq. of the Harbors and Navigation Code of the State of California, and all laws amendatory thereof or supplemental thereto, including Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“Legal Investments” means any investments in which the District may lawfully invest its funds.

“Maintenance and Operation Costs” means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Harbor Facilities, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and all other expenses necessary

to maintain and preserve the Harbor Facilities in good repair and working order, and including all administrative costs of the District that are charged directly or apportioned to the operation of the Harbor Facilities, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms of the Master Indenture and of all Supplemental Indentures, such as compensation, reimbursement and indemnification of the Trustee and fees and expenses of Independent Certified Public Accountants, and including all payments due to the City of Port Hueneme pursuant to those certain agreements between the District and the City of Hueneme dated as of March 14, 1983, and March 18, 1987; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles and any other non-cash charges required by a change in accounting standards.

“Maintenance and Operation Fund” means the existing Oxnard Harbor District Revenue Bonds Maintenance and Operation Fund, maintained by the Depository pursuant to the Master Indenture.

“Master Indenture” means the Master Indenture executed and entered into as of December 1, 2011, by and between the District and Union Bank, N.A., as Trustee thereunder, relating to the Bonds.

“Maximum Annual Debt Service” means, as of any date of calculation by the District, the largest Annual Debt Service during the period from the Fiscal Year in which such calculation is made through the Fiscal Year in which the final maturity date of any Outstanding Bonds is scheduled to occur.

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the District and satisfactory to the Trustee (who shall be under no liability by reason of such approval).

“Municipal Bond Insurance Policy” means a municipal bond insurance policy issued by a Bond Insurer insuring the payment of the interest on and principal of any Series of the Bonds (or any portion thereof) issued under the Master Indenture when due otherwise than by acceleration, as provided therein.

“Net Revenues” means, for any Fiscal Year, the Revenues during such Fiscal Year less the Maintenance and Operation Costs during such Fiscal Year.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, retained by the District and satisfactory to the Trustee (who shall be under no liability by reason of such approval).

“Ordinance No. 176” means Ordinance No. 176 approved by the Board on November 7, 1985.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Master Indenture) all Bonds issued and delivered thereunder 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 Master Indenture; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the District pursuant to the Master Indenture.

“Owner” means the registered owner of any Outstanding Bond, as shown in the bond registration books maintained by the Trustee pursuant to the Master Indenture.

“Principal Account” means the account by that name within the Bond Service Fund, established pursuant to the Law and maintained by the Trustee pursuant to the Master Indenture.

“Principal Payment Date” means any date on which the principal of any Bonds is scheduled to be paid.

“Rebate Fund” means the Oxnard Harbor District Revenue Bonds Rebate Fund, established pursuant to the Law and the Code and maintained by the Trustee pursuant to the Master Indenture.

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

“Reserve Account” means the account by that name within the Bond Service Fund, established pursuant to the Law and maintained by the Trustee pursuant to the Master Indenture.

“Reserve Account Requirement” means, as of any date of calculation by the District (as specified in a Certificate of the District filed with the Trustee), an amount equal to the least of (i) ten percent (10%) of the stated principal amount (or issue price if sold with more than a de minimis amount (2%) of original issue discount) of each series of the Bonds then Outstanding, (ii) one hundred twenty-five per cent (125%) of Average Annual Debt Service or (iii) the Maximum Annual Debt Service; provided, that all or any portion of the Reserve Account Requirement for the Bonds may (following written notification to Moody’s if Moody’s is then rating the Bonds and S&P if S&P is then rating the Bonds, but only upon the prior written consent of the Bond Insurers, if any) be satisfied by the provision of an insurance policy, a surety bond or a letter of credit, or any combination thereof, which (together with the money on deposit in the Reserve Account) provide an aggregate amount equal to the Reserve Account Requirement so long as the provider of such credit facility is rated in one of the two highest rating categories by Moody’s (if Moody’s is then rating the Bonds and S&P (if S&P is then rating the Bonds) at the time of delivery of such credit facility; and provided further, that in the event that any portion of the Reserve Account Requirement is satisfied by the provision of any such credit facility, the amount of money then in the Reserve Account in excess of the Reserve Account Requirement less the portion of the Reserve Account Requirement then being satisfied by such credit facility shall (upon receipt of a Written Request of the District filed with the Trustee) be withdrawn by the Trustee from the Reserve Account and transferred to the District.

“Revenue Fund” means the existing Oxnard Harbor District Revenue Bonds Revenue Fund, initially established pursuant to Ordinance No. 176 and maintained by the Depository pursuant to the Master Indenture.

“Revenues” means all gross income and revenue received by the District from the ownership or operation of the Harbor Facilities, determined in accordance with Generally Accepted Accounting Principles, including all wharfage charges and other charges fixed by the District for the Harbor Service and the other services of the Harbor Facilities and all proceeds of insurance covering business interruption loss relating to the Harbor Facilities and all other income and revenue howsoever derived by the District from the ownership or operation of the Harbor Facilities or arising from the Harbor Facilities.

“Serial Bonds” means Bonds for which no Sinking Fund Payments are provided.

“Series of the Bonds” means all of the Bonds executed, authenticated and delivered on initial issuance in a simultaneous transaction and identified pursuant to a Supplemental Indenture authorizing such Bonds as a separate Series of the Bonds, and any Bonds thereafter executed, authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Master Indenture.

“Sinking Fund Payment” means the amount of money required by any Supplemental Indenture to be deposited in the Principal Account by the District on any Sinking Fund Payment Date for the redemption or payment of any particular Term Bonds of any Series of the Bonds on or prior to their respective stated maturity dates.

“Sinking Fund Payment Date” means any date on which any Sinking Fund Payments for any Term Bonds of any Series of the Bonds are required to be deposited in the Principal Account.

“S&P” means Standard & Poor’s Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the District and satisfactory to the Trustee (who shall be under no liability by reason of such approval).

“Subordinate Obligations” means all obligations that are subordinate in payment to the Bonds and that are payable from the Subordinated Payment Account.

“Subordinated Payment Account” means the account by that name within the Bond Service Fund, established pursuant to the Law and maintained by the Trustee pursuant to the Master Indenture.

“Supplemental Indenture” means any indenture then in full force and effect which has been entered into by the District and the Trustee, amendatory of or supplemental to the Master Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Master Indenture.

“Tax Certificates” means collectively all the certificates, each dated the date of the initial issuance of the Series of the Bonds to which it relates, with respect to the requirements of certain provisions of the Code, as each such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

“Term Bonds” means Bonds which are payable on or before their specified maturity dates from Sinking Fund Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

“Treasurer” means the Treasurer of the District.

“Trustee” means Union Bank, N.A. at its corporate trust office in Los Angeles, California (except that with respect to registration, transfer and payment of the Bonds, it shall mean the office of the Trustee at which it conducts its corporate agency business), appointed by the District and acting as an independent trustee with the duties and powers provided in the Master Indenture, and its successors or assigns, or any other bank or trust company organized under the laws of the State of California or national banking association that may at any time be substituted in its place by the District as Trustee pursuant to the Master Indenture.

“Written Request of the District” means an instrument in writing signed by the Director of Finance and Administration, Treasurer of the District, the Acting Executive Director of the District or the Executive Director of the District, or by any other officer of the District duly authorized by the Board for that purpose.

THE MASTER INDENTURE

The Master Indenture sets forth the general terms of the Revenue Bonds in an unlimited aggregate principal amount, the nature and extent of the security therefor, various rights of the registered owners, the rights, duties and immunities of the Trustee and the rights and obligations of the District. Certain provisions of the Master Indenture are summarized below; this summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Master Indenture.

Authorization and Purpose of the Bonds

(a) The Bonds shall be designated the “Oxnard Harbor District Revenue Bonds,” shall be in an unlimited aggregate principal amount and shall be issued by the District pursuant to the Law and the Master Indenture and to all Supplemental Indentures; provided, that the District may by any Supplemental Indenture limit the aggregate principal amount of the Bonds. The Bonds shall be issued in one or more Series of the Bonds as from time to time shall be authorized and established by the Board pursuant to one or more Supplemental Indentures, and the designation of the Bonds shall include, in addition to the name “Oxnard Harbor District Revenue Bonds,” such further particular designation added to or incorporated in the title for the Bonds of each Series of the Bonds as the District may determine or as shall be required by the Law and all other applicable laws, and each Bond shall bear

upon its face the designation so determined for the Series of the Bonds to which it belongs; provided, that the Bonds may also contain or have endorsed thereon such descriptive provisions, specifications and words not inconsistent with the provisions of the Master Indenture as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District prior to the delivery thereof.

(b) The purpose for which the Bonds are to be issued is to provide funds to finance the costs of the acquisition and construction of harbor works and facilities for the District constituting improvements to the Harbor Facilities (or to refinance any obligations of the District incurred to finance the costs of the acquisition and construction of any harbor works and facilities for the District constituting improvements to the Harbor Facilities).

Conditions for the Issuance of Bonds

The District may at any time issue a Series of the Bonds payable from the Net Revenues and the other funds as provided in the Master Indenture and secured by a pledge of and charge and lien on the Net Revenues and such other funds equal to and on a parity with the pledge, charge and lien securing the Outstanding Bonds theretofore issued under the Master Indenture, but only subject to the following specific conditions, which are made conditions precedent to the issuance of any such Series of the Bonds:

(a) The District shall be in compliance with all agreements, conditions, covenants and terms contained in the Master Indenture and in all Supplemental Indentures required to be observed or performed by it.

(b) The issuance of such Series of the Bonds shall have been duly authorized pursuant the Master Indenture and to the Law and to all other applicable laws, and the issuance of such Series of the Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) The purpose for which such Series of the Bonds are to be issued and the accounts or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Series of the Bonds to be applied solely for (i) the financing of the costs of the acquisition and construction of harbor works and facilities for the District constituting improvements to the Harbor Facilities, including payment of all costs incidental to or connected with such financing, and/or (ii) the refinancing of any obligations of the District incurred to finance the costs of the acquisition and construction of any harbor works and facilities for the District constituting improvements to the Harbor Facilities, including payment of all costs incidental to or connected with such refinancing;

(2) The authorized principal amount of such Series of the Bonds;

(3) The date and the maturity date or dates of such Series of the Bonds; provided, that (i) Principal Payment Dates and Sinking Fund Payment Dates shall occur only on Interest Payment Dates, (ii) all such Bonds of such Series of the Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all the Bonds of such Series of the Bonds on or before their respective maturity dates;

(4) The Interest Payment Dates of the Bonds of such Series of the Bonds;

(5) The denomination and method of numbering of the Bonds of such Series of the Bonds;

(6) The redemption premiums, if any, and the redemption terms, if any, for the Bonds of such Series of the Bonds;

(7) The amount and due date of each Sinking Fund Payment, if any, for the Bonds of such Series of the Bonds;

(8) The amount, if any, to be deposited from the proceeds of such Series of the Bonds in the Interest Account;

(9) The amount, if any, to be deposited from the proceeds of such Series of the Bonds in the Reserve Account; provided, that the amount on deposit in the Reserve Account shall be increased at the time such Series of the Bonds become Outstanding to an amount at least equal to the Reserve Account Requirement as calculated after the issuance of such Series of the Bonds;

(10) The amount to be deposited from the proceeds of such Series of the Bonds into appropriate accounts or funds to accomplish the purpose of the issuance of such Series of the Bonds;

(11) The form of such Series of the Bonds; and

(12) Such other provisions as are necessary or appropriate and not inconsistent with the Master Indenture.

(c) The audited Net Revenues for the most recent Fiscal Year preceding the date of the execution of the Supplemental Indenture providing for the issuance of such Series of the Bonds, as shown by a Certificate of the District filed with the Trustee, shall have produced an amount equal to at least one hundred twenty five per cent (125%) of the maximum payment in any Fiscal Year of the sum of the amount of the Annual Debt Service in any Fiscal Year as calculated after the issuance of such Series of the Bonds; provided, that if and to the extent that the Law is amended to permit (for purposes of calculating such Net Revenues) the addition to such Net Revenues of any allowances for any Net Revenues from improvements to the Harbor Facilities, then there may be added to such audited Net Revenues an allowance for Net Revenues from any improvements to the Harbor Facilities to be made with the proceeds of such Series of the Bonds and also for Net Revenues from any improvements to the Harbor Facilities which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to seventy-five per cent (75%) of the estimated additional average annual Net Revenues to be derived from each such improvement for the first thirty-six (36) month period in which each such improvement is in operation (as shown by a Certificate of the District based on an opinion of an independent consultant of recognized standing qualified to pass on questions relating to the financial operations of harbor facilities comparable to the Harbor Facilities); and provided further, that if and to the extent that the Law is amended to permit (for purposes of calculating such Net Revenues) the addition to such Net Revenues of any allowances for any Net Revenues from increases in the wharfage charges and other charges for Harbor Service made during such Fiscal Year, then there may be added to such audited Net Revenues an allowance for Net Revenues from any increases in the wharfage charges and other charges for Harbor Service which have become effective prior to the issuance of such Series of the Bonds but which, during all or any part of such Fiscal Year, were not in effect, in an amount equal to seventy-five per cent (75%) of the estimated amount by which the Net Revenues would have been increased if such increases in wharfage charges and other charges had been in effect during the whole of such Fiscal Year (as shown by a Certificate of the District based on an opinion of an independent consultant of recognized standing qualified to pass on questions relating to the financial operations of harbor facilities comparable to the Harbor Facilities); and provided further, that in the event that such Series of the Bonds is to be issued for the purpose of refunding and retiring any Bonds then Outstanding, interest and principal payments on the Bonds to be refunded and retired from the proceeds of such Series of the Bonds being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service; and provided further, that nothing contained in the Master Indenture shall limit the issuance of any revenue bonds of the District payable from the Net Revenues and secured by a pledge of and charge and lien on the Net Revenues if, immediately after the issuance and delivery of such revenue bonds, none of the Bonds theretofore issued under the Master Indenture will be Outstanding.

Procedure for the Issuance of Bonds

All the Bonds of a Series of the Bonds shall be executed by the District for issuance under the Master Indenture and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following documents or money or securities:

- (1) An executed counterpart of the Supplemental Indenture authorizing the issuance of such Series of the Bonds;
- (2) A Written Request of the District as to the authentication and delivery of such Series of the Bonds;
- (3) An Opinion of Counsel to the effect that (a) the District has the right and power under the Law to execute and enter into the Master Indenture and all Supplemental Indentures, and the Master Indenture and all Supplemental Indentures have been duly and lawfully executed and entered into by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against harbor districts in the State of California), (b) such Series of the Bonds are valid and binding special obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against harbor districts in the State of California) and the terms of the Law and the Master Indenture and all Supplemental Indentures and are entitled to the benefits of the Law and the Master Indenture and all Supplemental Indentures, and (c) such Series of the Bonds have been duly and validly authorized and issued in accordance with the Law and with the Master Indenture and all Supplemental Indentures;
- (4) A Certificate of the District that the District is in compliance with all agreements, conditions, covenants and terms contained in the Master Indenture and in all Supplemental Indentures; and
- (5) Such further documents, money and securities as are required by the provisions of the Master Indenture and the Supplemental Indenture providing for the issuance of such Series of the Bonds.

Construction Fund

Pursuant to the Master Indenture, there is continued in existence that certain special fund of the District known as the "Oxnard Harbor District Revenue Construction Fund No. 1995," to be maintained by the Treasurer, and there shall be deposited into the Construction Fund the amounts required to be deposited therein by the provisions of each Supplemental Indenture providing for the issuance of any Series of the Bonds. All money in the Construction Fund shall be applied by the District in the manner provided by the Law to the financing of the costs of the acquisition and construction of the harbor works and facilities for the District constituting improvements to the Harbor Facilities provided in each Supplemental Indenture, including payment of all costs incidental to or connected with such financing; provided, that after the completion of the acquisition and construction of the harbor works and facilities for the District constituting improvements to the Harbor Facilities provided in such Supplemental Indenture, any remaining money in the Construction Fund (as determined by the District and set forth in a Certificate of the District filed with the Treasurer) shall be transferred by the Treasurer to the Depository and deposited by the Depository in the Revenue Fund.

Pledge of Net Revenues and Other Money

All Net Revenues and all money in the Interest Account, the Principal Account, the Reserve Account and the Subordinated Payment Account are irrevocably pledged to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Net Revenues and such other money shall not be used for any other purpose so long as any Bonds remain Outstanding; subject to the provisions of the Master Indenture permitting the application thereof for the purposes and on the conditions and terms set forth in the Master Indenture. This pledge shall constitute a first lien on the Net Revenues and such other money for the payment of the interest on and principal of and redemption premiums, if any, on the Bonds in accordance with the terms of the Master Indenture.

Revenue Fund; Receipt and Deposit of Revenues

Pursuant to the Master Indenture, there is continued in existence that certain special fund of the District known as the Oxnard Harbor District Harbor Revenue Bonds Revenue Fund, which fund shall be maintained by the Depository pursuant to the Master Indenture so long as any Bonds are Outstanding, and the District shall deposit all Revenues as and when received by it in the Revenue Fund. All money deposited by the District in the Revenue Fund shall be accounted for through and held in trust in the Revenue Fund, and the District shall have no beneficial right or interest in such money, except only as provided in the Master Indenture, and all such money shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Master Indenture, and shall be accounted for separately and apart from all other money or resources of the District.

Establishment and Maintenance of Funds and Accounts for Use of Money in the Revenue Fund

(a) Pursuant to the Master Indenture, there is continued in existence that certain special fund of the District known as the Oxnard Harbor District Revenue Bonds Maintenance and Operation Fund, which fund shall be maintained by the Depository pursuant to the Master Indenture so long as any Bonds are Outstanding. The Depository shall transfer from the Revenue Fund and deposit in the Maintenance and Operation Fund all amounts necessary (as evidenced by Written Requests of the District filed with the Depository specifying the purpose of the requested transfers) to pay current Maintenance and Operation Costs as they become due and payable, and all money in the Maintenance and Operation Fund shall be used and withdrawn therefrom by the District to pay the Maintenance and Operation Costs as they become due and payable.

(b) Pursuant to the Master Indenture, there is continued in existence that certain special fund of the District known as the Oxnard Harbor District Revenue Bonds Bond Service Fund, which fund shall be maintained by the Trustee pursuant to the Master Indenture so long as any Bonds are Outstanding. The Depository shall transfer from the Revenue Fund to the Trustee for deposit in the following respective special accounts within the Bond Service Fund (each of which is established by the Master Indenture and each of which the District thereby covenants and agrees to cause to be maintained with the Trustee so long as any Bonds are Outstanding) at the following times and in the following order of priority (except that all money remaining in the Revenue Fund on August 1 of each year, shall be withdrawn by the Depository from the Revenue Fund and transferred to the District and used by the District for any lawful purpose):

- (1) Interest Account;
- (2) Principal Account;
- (3) Reserve Account; and
- (4) Subordinated Payment Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized in the Master Indenture.

(1) Interest Account. The District shall cause the Depository to transfer to the Trustee, during each six (6)-month period ending on an Interest Payment Date, for deposit in the Interest Account on or before the fifteenth (15th) day of each month in such period an amount of money from the Revenue Fund which is equal to one-fifth (1/5) of the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date; provided, that no deposit of money from the Revenue Fund need be made into the Interest Account if the amount of money contained therein is at least equal to the amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Outstanding Bonds as provided in the Master Indenture.

(2) Principal Account. (a) The District shall cause the Depository to transfer to the Trustee, during each twelve (12)-month period ending on a Principal Payment Date, for deposit in the Principal Account on

or before the fifteenth (15th) day of each month in such period an amount of money from the Revenue Fund which is equal to one-tenth (1/10) of the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on such Principal Payment Date; provided, that no deposit of money from the Revenue Fund need be made into the Principal Account if the amount of money contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds becoming due and payable on such Principal Payment Date. (b) The District shall cause the Depository to transfer to the Trustee, during each twelve (12)-month period ending on a Sinking Fund Payment Date, for deposit in the Principal Account on or before the fifteenth (15th) day of each month in such period an amount of money from the Revenue Fund equal to one-tenth (1/10) of the total Sinking Fund Payments payable on such Sinking Fund Payment Date, except that in the event that there shall be insufficient money in the Revenue Fund to make in full all such Sinking Fund Payments required to be made on such date, then the available money in the Revenue Fund shall be applied pro rata to the making of such Sinking Fund Payments for each Series of the Term Bonds in the proportion which all such Sinking Fund Payments bear to each other; provided, that no deposit of money from the Revenue Fund need be made into the Principal Account if the amount of money contained therein is at least equal to the total Sinking Fund Payments payable on such Sinking Fund Payment Date. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Serial Bonds or redeeming or paying the Outstanding Term Bonds as provided in the Master Indenture.

(3) Reserve Account. The District shall cause the Depository to transfer to the Trustee for deposit in the Reserve Account on or before the fifteenth (15th) day of each month next succeeding the determination of a deficiency in the Reserve Account an amount of money in the Revenue Fund (or other authorized deposit of security, as contemplated by the definition of Reserve Account Requirement) necessary to restore the amount in the Reserve Account to the Reserve Account Requirement; provided, that if there has been a draw upon any insurance policy, surety bond or letter of credit used to provide all or a portion of the Reserve Account Requirement, a sum sufficient to reimburse the provider of such instrument on the fifteenth (15th) day of the month next succeeding each Interest Payment Date for payments made under such draw plus its expenses in connection therewith shall be withdrawn from the first Net Revenues available to the District on such date after first satisfying the requirements of subsections (1) and (2) of this section, and such withdrawal shall be used for such reimbursement; and provided further, that no deposit of money from the Revenue Fund need be made into the Reserve Account so long as there shall be on deposit therein an amount of money equal to the Reserve Account Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account or the Principal Account (in such order) in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Outstanding Bonds in the event that no other money of the District is lawfully available therefor, or (together with other available money of the District) for the retirement of all the Bonds then Outstanding.

(4) Subordinated Payment Account. The District shall cause the Depository to transfer to the Trustee for deposit in the Subordinated Payment Account on or before the fifteenth (15th) day of each month an amount of money from the Revenue Fund which, together with any money contained in the Subordinated Payment Account, is equal to the aggregate amount of interest and principal due and payable during the next thirty (30)-day period on all Subordinate Obligations (as specified in a Certificate of the District filed with the Trustee).

Punctual Payment

The District will punctually pay the interest on and principal of and redemption premiums, if any, on the Bonds in strict conformity with the terms of the Law and of the Master Indenture and of all Supplemental Indentures and of the Bonds, and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms contained in the Master Indenture and in the Bonds.

Against Encumbrances

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Revenues except as provided in the Master Indenture, and (except for the Bonds) will not issue any obligations payable on a parity with the Bonds from the Net Revenues; provided, that the District may at any time issue any Subordinate Obligations.

Maintenance of Powers; Retention of the Harbor Facilities

(a) The District will use its best efforts to maintain the powers, functions, duties and obligations now vested in it pursuant to the Law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or the observance or performance of any of the agreements, conditions, covenants or terms contained in the Master Indenture required to be observed or performed by it.

(b) The District will not sell or otherwise dispose of any of the Harbor Facilities or any works and facilities thereof essential to the proper operation of the Harbor Facilities or to the maintenance of the Net Revenues, and will not enter into any lease or agreement which impairs the operation of the Harbor Facilities or any part thereof necessary to secure adequate Net Revenues for the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, or which would otherwise impair the rights of the Owners with respect to the Net Revenues or the operation of the Harbor Facilities.

Maintenance and Operation of Harbor Facilities

The District will maintain and preserve the Harbor Facilities in good repair and working order at all times from the Revenues available for such purpose, and will operate the Harbor Facilities in an efficient and economical manner.

Insurance

The District will, at all times while any of the Bonds are Outstanding, cause the Harbor Facilities to be insured and to carry insurance with respect to the operation and maintenance of the Harbor Facilities of such type, against such risks and in such amounts as are normally carried by harbors of a size and nature similar to the Harbor Facilities, or portion of the Harbor Facilities, in the State of California. All insurance policies shall be issued by authorized insurers or through surplus line coverage brokers who are financially responsible and capable of fulfilling the requirements of such policies. If any useful part of the Harbor Facilities shall be damaged or destroyed, such part of the Harbor Facilities shall be promptly restored to use, and the money collected from insurance against accident to or destruction of the Harbor Facilities shall be used for repairing or rebuilding the damaged or destroyed portion of the Harbor Facilities or the construction or acquisition of facilities of comparable or greater value to the Harbor Facilities and, to the extent not so applied, shall be applied to the retirement of the Outstanding Bonds issued for the Harbor Facilities and for such purpose paid into the appropriate funds.

The District shall also maintain with responsible insurers all insurance required to meet the Workers' Compensation Law of the State of California.

Eminent Domain Proceeds

If all or any part of the Harbor Facilities shall be taken by eminent domain proceedings, the net proceeds realized by the District therefrom shall be deposited by the District with the Trustee in a special fund which the Trustee shall establish in trust and shall be applied by the District to the cost of acquiring and constructing improvements to the Harbor Facilities if the District has filed with the Trustee a Certificate of the District (A) showing (i) the estimated loss in annual Net Revenues, if any, to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the improvements to the Harbor Facilities then proposed to be acquired and constructed by the District from such proceeds, and (iii) the estimated additional Net Revenues to be derived from such improvements; and (B) stating that such estimated additional Net Revenues will sufficiently offset the estimated loss of such Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations under the Master Indenture will not be substantially impaired, upon which Certificate of the District the Trustee may conclusively rely, and any balance of such proceeds not required by the District for such purpose shall be transferred by the Trustee to the District and the District may expend such proceeds for any lawful purpose; provided, that if the foregoing conditions are not met, then such proceeds shall be deposited by the Trustee in the Revenue Fund and applied as provided in the Master Indenture; and provided further, that if such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the Net Revenues

and the security of the Bonds, and a Certificate of the District to such effect has been filed with the Trustee, such proceeds shall be transferred by the Trustee to the District and the District may expend such proceeds for any lawful purpose.

Amounts of Charges

(a) The District will, prior to the first day of each Fiscal Year so long as any of the Bonds are Outstanding, make changes to its business operations and fix and prescribe wharfage charges and other charges for the Harbor Service for such Fiscal Year which are reasonably estimated to yield Revenues during such Fiscal Year, after making reasonable allowances for contingencies and errors in the estimates, at least sufficient to pay the following amounts during such Fiscal Year in the order below set forth:

(1) All current Maintenance and Operation Costs.

(2) The Annual Debt Service on the Bonds and the payment of the Subordinate Obligations as they become due and payable.

(3) All payments required for compliance with the terms of and the Master Indenture, including restoration of the Reserve Account to an amount equal to the Reserve Account Requirement, and of any Supplemental Indenture providing for the issuance of a Series of the Bonds pursuant to Article II of the Master Indenture.

(4) All payments to meet any other obligations of the District which are secured by a pledge of and charge and lien on, or are payable from, the Net Revenues.

(b) In addition to the requirements of the foregoing subsection, the District will, prior to the first day of each Fiscal Year so long as any of the Bonds are Outstanding, make changes to its business operations and fix and prescribe wharfage charges and other charges for the Harbor Service for such Fiscal Year which are reasonably estimated to yield Net Revenues during such Fiscal Year, after making reasonable allowances for contingencies and errors in the estimates, equal to at least one hundred twenty-five per cent (125%) of the sum of the Annual Debt Service in such Fiscal Year.

(c) The District may revise its business operations and make adjustments from time to time in its wharfage charges and other charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such wharfage charges and other charges below those then in effect unless the Revenues and Net Revenues, as the case may be, from such reduced wharfage charges and other charges are reasonably estimated to be sufficient to meet the requirements of the Master Indenture.

(d) If the Net Revenues in any Fiscal Year are less than the amount specified in subsection (b) of this section, the District will take all lawful measures to revise its business operations and/or adjust its wharfage charges and other charges as may be necessary to produce Net Revenues in the amount specified in subsection (b) of this section in the next succeeding Fiscal Year. In the event that the Net Revenues in any Fiscal Year are less than the amount specified in subsection (b) of this section, but the District shall have taken prior to or during the next succeeding Fiscal Year all lawful measures to revise its business operations and/or adjust its wharfage charges and other charges as required by this subsection, such deficiency in Net Revenues shall not constitute an Event of Default under the provisions of the Master Indenture; provided, that if after taking the measures required by this subsection to revise its business operations and/or adjust its wharfage charges and other charges the Net Revenues in the next succeeding Fiscal Year are less than the amounts specified in subsection (b) of this section, such deficiency in Net Revenues shall constitute an Event of Default under the provisions of the Master Indenture.

Extension or Funding of Claims for Interest

In order to prevent any claims for interest after maturity, the District will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and

will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding such claims for interest or in any other manner; and in case any such claim for interest shall be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of an Event of Default under the Master Indenture, to the benefits thereof, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Payment of Claims

The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Harbor Facilities or upon the Net Revenues or any part thereof, or upon any funds in the hands of the Depositary, the Treasurer or the Trustee, or which might impair the security of the Bonds; provided, that nothing contained in the Master Indenture shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the ability of the District to perform its obligations under the Master Indenture.

Books of Record and Accounts; Financial Statements; Secondary Market Disclosure

(a) The District will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the Harbor Facilities and the Revenue Fund, and upon request will provide information concerning such books of record and accounts to the Trustee or the Owners (or their representatives authorized in writing) of not less than five per cent (5%) of the aggregate principal amount of the Bonds then Outstanding.

(b) The District will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Bonds are Outstanding, an audited financial statement of the District relating to the Revenue Fund and all other accounts or funds established pursuant to the Master Indenture for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year and the Net Revenues for such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the District has complied with the provisions of the Master Indenture as it relates to such accounts and funds. The District will furnish a copy of such audited financial statement to the Trustee and to the Information Services and to any Owner upon request, and will furnish such reasonable number of copies thereof (at the expense of the District) to investment bankers, security dealers and others interested in the Bonds.

(c) The District will provide annual audited financial statements and other pertinent credit information relevant to the Bonds to one or more information providers in the state and local government securities market, and will provide periodic credit information to Moody's and S&P as necessary for maintaining the outstanding ratings on the Bonds.

Protection of Security and Rights of Owners

The District will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons, and from and after the sale and delivery of any Bonds by the District, such Bonds shall be incontestable by the District.

Payment of Taxes and Other Charges

The District will pay and discharge all taxes, service charges, assessments and other governmental charges which may be lawfully imposed upon any of the Harbor Facilities or any properties owned or leased by the District, or upon the Net Revenues, when the same shall become due; provided, that nothing contained in the Master Indenture shall require the District to make any such payments so long as the District in good faith shall contest the

validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the ability of the District to perform its obligations under the Master Indenture.

Tax Covenants and Matters: Rebate Fund

(a) In addition to the funds and accounts created pursuant to Article V of the Master Indenture, the Trustee will establish and maintain a fund separate from any other fund or account established and maintained thereunder designated as the “Oxnard Harbor District Revenue Bonds Rebate Fund.” Upon receipt of a Written Request of the District, there shall be deposited in the Rebate Fund such amounts furnished by the District as are required to be deposited therein pursuant to the Tax Certificate, and all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding the provisions of the Master Indenture relating to the pledge of Net Revenues, the allocation of money in the Revenue Fund, the investments of money in any account or fund and the defeasance of any Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by the Master Indenture and by the Tax Certificate (which is incorporated therein by reference) and by the Written Requests of the District filed with the Trustee, and the Trustee shall be deemed conclusively to have complied with this provision if it follows the Written Requests of the District and shall have no liability or responsibility to enforce compliance by the District with the terms of the Master Indenture or of the Tax Certificate.

(b) The District will not use or permit the use of any proceeds of the Bonds or any funds of the District, directly or indirectly, to acquire any securities or obligations, and will not take or permit to be taken any other action or actions, which would cause any Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code. The District will observe and not violate the requirements of Section 148 of the Code, and will comply with all requirements of Sections 148 and 149(d) of the Code to the extent applicable to the Bonds. In the event that at any time the District is of the opinion that for purposes of this section it is necessary to restrict or to limit the yield on the investment of any money held by the Depository or the Treasurer or the Trustee under the Master Indenture, the District will so instruct the Depository or the Treasurer or the Trustee, as the case may be, in writing, and the Depository or the Treasurer or the Trustee, as the case may be, will take such action as may be necessary in accordance with such instructions. The District will not use or permit the use of any proceeds of the Bonds or any funds of the District, directly or indirectly, in any manner, and will not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code.

(c) Notwithstanding any provisions of the Master Indenture, if the District shall provide the Depository or the Treasurer or the Trustee with an Opinion of Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest with respect to the Bonds, the Depository or the Treasurer or the Trustee, as the case may be, and the District may conclusively rely on such opinion in complying with the requirements of this section, and, notwithstanding anything to the contrary contained in the Master Indenture, the covenants thereunder shall be deemed to be modified to that extent.

Further Assurances

The District will adopt, make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Master Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided therein.

The Trustee

Pursuant to the Master Indenture, Union Bank, N.A. at its corporate trust office in Los Angeles, California, is appointed Trustee thereunder for the purpose of receiving all money which the District is required to deposit with the Trustee under the Master Indenture and to allocate, use and apply the same as provided therein.

The District at any time may (prior to the occurrence of an Event of Default which shall then be continuing), remove the Trustee initially appointed and any successor thereto upon thirty (30) days' written notice to the Trustee, and the District shall promptly appoint a successor or successors thereto; provided, that any such successor shall be a bank or trust company organized under the laws of the State of California or a national banking association doing business and having a corporate trust office in Los Angeles, California, or San Francisco, California and that has a combined capital (exclusive of borrowed capital) and surplus of at least one hundred million dollars (\$100,000,000) and is subject to supervision or examination by federal or state authority; and provided further, that 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 purposes of this section 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.

The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the bond registration books maintained by the Trustee pursuant to the Master Indenture. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing; provided, that if no such successor shall have been appointed by the District within thirty (30) days after the receipt by the District of such notice, the resigning Trustee may petition any court of competent jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the appointment of and the acceptance of appointment by the successor Trustee.

The Trustee is authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall destroy all Bonds upon payment thereof or upon the surrender thereof by the District and shall, upon receipt of a Written Request of the District, deliver a certificate of such destruction to the District; provided, that the Trustee shall keep accurate records of all Bonds destroyed by it.

The District shall from time to time, subject to any agreement between the District and the Trustee then in force, pay the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its powers and duties under the Master Indenture, and indemnify and save the Trustee and its officers, directors, employees and agents harmless against any costs, expenses, losses and liabilities not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties under the Master Indenture. The Trustee's rights to indemnification and protection from liability under the Master Indenture and its rights to payment of its fees and expenses thereunder shall survive its resignation or removal and final payment of the Bonds.

Liability of Trustee

The recitals of facts, agreements and covenants contained in the Master Indenture and in the Bonds shall be taken as statements, agreements and covenants of the District, and the Trustee does not assume any responsibility for the correctness of the same, nor does it make any representation as to the validity or sufficiency of the Master Indenture or of the Bonds, the adequacy of any security afforded thereunder, or the correctness or completeness of any information contained in any offering materials distributed in connection with the sale of the Bonds, nor shall it incur any responsibility in respect of any of the foregoing other than in connection with the powers or duties in the Master Indenture or in the Bonds assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties under the Master Indenture, except for its own negligence or willful misconduct.

The Trustee undertakes to perform such duties, and only such duties, as are specifically set forth in the Master Indenture, and no implied obligations shall be read therein against the Trustee, and the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Master Indenture; provided, that in case an Event of Default has occurred and is then continuing, the Trustee shall exercise such powers vested in it thereby, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs, except that in exercising such powers, the Trustee shall not be liable in connection therewith except for its own negligence or willful misconduct.

The Trustee is not accountable for the use by the District of money which the Trustee transfers to the District under the Master Indenture or which the District otherwise receives, or to verify compliance by the District with the provisions of the Master Indenture. The Trustee has no obligation to incur individual financial or other liability or risk in performing any duty or in exercising any right thereunder. The Trustee shall be entitled to interest on all amounts advanced by it under the Master Indenture at the maximum interest rate permitted by law. The Trustee in its individual or other capacity may become the owner or pledgee of any Bonds with the same rights it would have if it were not the Trustee.

The Trustee shall not be deemed to have knowledge of any Event of Default (other than a payment default under the Master Indenture) until an officer in its corporate trust department in Los Angeles, California, has been notified by the District or any Owner in writing that an Event of Default has occurred. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the agreements, conditions, covenants or terms of the Master Indenture or of any of the documents executed in connection with the Bonds.

Procedure for Amendment of the Master Indenture

The Master Indenture and the rights and obligations of the District and the Owners may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least sixty per cent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in the Master Indenture) are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the District to pay the interest or principal or redemption premium, if any, on any Bond or make any Sinking Fund Payment for any Bond at the time and place and at the rate and in the currency provided in the Master Indenture, without the express written consent of the Owner of such Bond, or (2) permit the creation by the District of any pledge of or lien upon the Net Revenues superior to or (except for the issuance of any Bonds as provided in the Indenture) on a parity with the pledge and lien created therein for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify the rights or obligations of the Trustee without its prior written assent thereto.

The Master Indenture and the rights and obligations of the District and of the Owners may also be amended at any time by a Supplemental Indenture which shall become binding upon execution, without the consent of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

- (a) To add to the obligations of the District or the Trustee contained in the Master Indenture other obligations thereafter to be observed, or to surrender any right reserved to or conferred upon the District or the Trustee in the Master Indenture;
- (b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Master Indenture, or in regard to questions arising thereunder, as the District may deem necessary or desirable and not inconsistent therewith, and which shall not materially adversely affect the interests of the Owners;
- (c) To provide for the issuance of any Series of the Bonds, and to provide the terms and conditions under which such Series of the Bonds may be issued, subject to and in accordance with the provisions of Article II of the Master Indenture;
- (d) To modify, amend or supplement the Master Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(e) To maintain the exclusion under the Code of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest from State of California personal income taxes;

(f) To maintain any then existing rating on the Bonds by Moody's (if Moody's is then rating the Bonds) and S&P (if S&P is then rating the Bonds); or

(g) For any other purpose that does not materially adversely affect the interests of the Owners.

Endorsement or Replacement of Bonds After Amendment

After the effective date of any action taken as provided in the Master Indenture, the District may determine that the Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the corporate trust office of the Trustee in Los Angeles, California, a suitable notation as to such action shall be made on such Bond; provided, that if the District shall so determine, new Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the corporate trust office of the Trustee in Los Angeles, California, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Events of Default and Acceleration of Maturities

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

(a) If default shall be made by the District in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) If default shall be made by the District in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or the making of any Sinking Fund Payment for any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(c) If default shall be made by the District in the observance or performance of any of the other agreements, conditions, covenants or terms on its part contained in the Master Indenture or in the Bonds, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Trustee; provided, that any such default shall not constitute an Event of Default under the Master Indenture if the District shall commence to cure such default within such sixty (60) day period and thereafter diligently and in good faith shall proceed to cure such default within a reasonable period of time thereafter; or

(d) If the District shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the District, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, 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 District or of the whole or any substantial part of its property;

then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds at the time Outstanding shall, by notice in writing to the District, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the

same shall become and shall be immediately due and payable, anything contained in the Master Indenture or in the Bonds to the contrary notwithstanding; provided, that any such declaration shall be subject to the prior written consent of the Bond Insurers, if any; and provided further, that if, at any time after the principal of the Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered, the District shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of twelve per cent (12%) per annum on such overdue installments of interest and principal, and all costs, fees and expenses of the Trustee, including reasonable compensation to its agents, attorneys and counsel, together with interest on any such amounts advanced as provided in the Master Indenture, and any and all other defaults known to the Trustee (other than in the payment of interest and principal on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the District and to the Trustee, may, on behalf of the Owners of all the Bonds, rescind and annul such declaration and its consequences; except that no such rescission or annulment shall occur without the prior written consent of the Bond Insurers, and no such rescission or annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration

All money in the accounts and funds provided for in the Master Indenture upon the date of the declaration of acceleration by the Trustee as provided therein, and all Revenues thereafter received by the District thereunder, shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

First, to the payment of the Maintenance and Operation Costs;

Second, to the payment of the costs, fees and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, attorneys and counsel, and thereafter to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents, attorneys and counsel; and

Third, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on the overdue interest and principal at the rate of twelve per cent (12%) per annum, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal, ratably to the aggregate of such interest, principal and interest on overdue interest and principal.

Other Remedies of Owners

Any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his rights against the District or any member of the Board or officer or employee of the District, and to compel the District or any member of the Board or officer or employee of the District to perform and carry out his duties under the Law and his agreements and covenants with the Owners as provided in the Master Indenture;

(b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Owners; or

(c) Upon the happening of an Event of Default, by a suit in equity to require the District or the members of the Board or the officers or employees of the District to account as the trustee of an express trust.

Discharge of Bonds

If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated in the Bonds and in the Master Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Net Revenues as provided in the Master Indenture, and all agreements, covenants and other obligations of the District to the Owners of such Bonds contained therein shall thereupon cease, terminate and become void and be discharged and satisfied, and the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District all money or securities held by it pursuant thereto which are not required for the payment of such interest, principal and redemption premiums, if any, other than the money, if any, in the Rebate Fund; provided, that notwithstanding anything contained in the Master Indenture to the contrary, in the event that the interest on or principal of or redemption premiums, if any, on any Bonds shall be paid by a Bond Insurer pursuant to a Municipal Bond Insurance Policy, then such Bonds shall remain Outstanding for all purposes thereof and shall not be considered paid by the District, and the assignment and pledge thereunder and all agreements and covenants of the District to the Owners of such Bonds thereunder shall continue to exist and shall run to the benefit of such Bond Insurer, and such Bond Insurer shall be subrogated to the rights of such Owners.

Any Outstanding Bonds shall prior to the maturity dates or redemption dates thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if money shall have been set aside (through deposit by the District or otherwise) to be held in trust by the Trustee which shall be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity dates or redemption dates thereof and the principal of and redemption premiums, if any, on such Bonds on the maturity dates or redemption dates thereof.

Any Outstanding Bonds shall prior to the maturity dates or redemption dates thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if (1) there shall have been deposited with the Trustee or an appropriate escrow agent either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of Treasury of the United States of America) the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity dates or redemption dates thereof and the principal of and redemption premiums, if any, on such Bonds on the maturity dates or redemption dates thereof, and (2) the District shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (1) of this paragraph has been made with the Trustee or such escrow agent and that such Bonds are deemed to have been paid in accordance with the Master Indenture and stating the maturity dates or redemption dates upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds; provided, that neither the Federal Securities nor any money deposited with the Trustee pursuant to the Master Indenture nor any interest or principal payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and such Federal Securities shall be held in trust for, the payment of the interest on and principal of and redemption premiums, if any, on such Bonds as provided in the Master Indenture; and provided further, that any cash received from the interest or principal payments on such Federal Securities deposited with the Trustee or such escrow agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested as specified in a Written Request of the District filed with the Trustee or such escrow agent in Federal Securities maturing at times and in amounts sufficient to pay when due the interest on and principal of and redemption premiums, if any, on such Bonds on and prior to the maturity dates or redemption dates thereof, and interest earned from such reinvestments shall be deposited in the Revenue Fund.

Unclaimed Money

Anything contained in the Master Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on or principal of or redemption premiums, if any, on any of the Bonds which remains unclaimed for two (2) years after the date when such payments have become due and payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such payments became due and payable, shall be

repaid by the Trustee to the District as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the making of such payments; provided, that before being required to make any such payment to the District, the Trustee shall, upon receipt of a Written Request of the District, cause to be mailed to the Owners of such Bonds (at the expense of the District) at their addresses as they appear in the bond registration books maintained by the Trustee pursuant to the Master Indenture a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be transferred by the Trustee to the Treasurer and the District may expend such money for any lawful purpose.

Investment of Money in Funds and Accounts

Upon receipt of a Written Request of the District by the Depository or the Trustee, as the case may be, at least one (1) Business Day prior to the date of such investment, all money in the Revenue Fund or the Maintenance and Operation Fund shall be invested by the Depository in those Legal Investments specified in such Written Request of the District, and all money in the Interest Account, the Principal Account, the Subordinated Payment Account or the Rebate Fund shall be invested by the Trustee in those Authorized Investments specified in such Written Request of the District, and all money in the Reserve Account shall be invested by the Trustee in those Federal Securities specified in such Written Request of the District; provided, that neither the Depository nor the Trustee shall be under any liability for the purchase of any Legal Investments or Authorized Investments or Federal Securities in accordance with such Written Requests or any losses thereon; and provided further, that all investments of money in the Revenue Fund, the Maintenance and Operation Fund, the Interest Account, the Principal Account, the Subordinated Payment Account and the Rebate Fund shall be invested in investments that mature prior to the date on which such money is estimated to be required to be paid out under the Master Indenture and all money in the Reserve Account shall be invested in investments that mature no later than five (5) years from the date of purchase thereof by the Trustee or on the final maturity date of the Bonds, whichever date is earlier, except that if the District has entered into a contract with a financial institution obligating that financial institution to purchase Federal Securities from the District on any Business Day at a price equal to the yield to maturity of the Federal Securities at the time of their original purchase (a "Reserve Account Agreement"), such obligation may have any maturity; and provided further, that the Trustee shall, upon receipt of a Written Request of the District, enter into a financial futures or financial option contract with an entity the debt securities of which are rated in their respective highest short-term rating categories by Moody's and by S&P; and provided further, that the Trustee shall, upon receipt of a Written Request of the District (which shall be given by the District only after the District shall have first given Moody's and S&P thirty (30) days' prior written notice of its intention to make such investment), and provided the Trustee is supplied with an Opinion of Counsel to the effect that such action is permitted under the laws of the State of California, enter into an interest rate swap agreement corresponding to the interest rate or rates payable on a Series of the Bonds or any portion thereof, and the amounts received by the District or the Trustee, if any, pursuant to such a swap agreement may be applied to the deposits required under the Master Indenture, so long as the entity with which the District may contract for an interest rate swap is an entity the debt securities of which are rated in their respective highest short-term debt rating categories by Moody's and by S&P, and if the District so designates, amounts payable under the interest rate swap agreement shall be secured by the Net Revenues and other assets pledged under the Master Indenture to the Bonds on a parity basis therewith and, in such event, the District shall pay to the Trustee for deposit in the Interest Account, at the times and in the manner provided in the Master Indenture, the amounts to be paid under such interest rate swap agreement as if such amounts were additional interest due on the Bonds to which such interest rate swap agreement relates and the Trustee shall pay to the other party to such interest rate swap agreement, to the extent required thereunder, amounts deposited in the Interest Account for the payment of interest on the Bonds with respect to which such interest rate swap agreement was entered into. Any interest, income or profits from the deposits or investments of money in the Rebate Fund shall remain in the Rebate Fund, and on February 1 and August 1 of each year any interest, income or profits from the deposits or investments of money in all other funds or accounts shall be deposited in the Revenue Fund, except that the Trustee may deduct from the interest income and profit any fees relating to a Reserve Account Agreement, and except that so long as the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, all such interest, income or profits shall be deposited in the Reserve Account. For purposes of determining the amount on deposit in any fund or account held under the Master Indenture, all Legal Investments or Authorized Investments or Federal Securities credited to such fund or account shall be valued at the market value thereof taking into account any Reserve Account Agreement, and except as otherwise provided in this section, Legal Investments or Authorized Investments or

Federal Securities representing an investment of money attributable to any account or fund and all investment profits or losses thereon shall be deemed at all times to be a part of such account or fund.

The District acknowledges under the Master Indenture that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish the District periodic cash transaction statements (at least monthly) which include detail for all investment transactions made by the Trustee under the Master Indenture, which statements shall include the amount of all brokerage commissions or other fees, whether charged by the Trustee or a third party.

Interest Rate Agreements

The District (but only after the District shall have first given Moody's and S&P thirty (30) days' prior written notice of its intention to enter into such agreement) is authorized by the Master Indenture to enter into any interest rate or interest swap agreements, caps, collars or other hedging mechanisms with regard to any of the Bonds; provided, that any such interest rate or interest swap agreement, cap, collar or other hedging mechanism shall: (i) not exceed a notional amount of one hundred million dollars (\$100,000,000); (ii) bear interest or be payable at an interest rate not exceeding the maximum amount then permitted by law; (iii) be entered into only with a bank or trust company organized under the laws of any state, commonwealth or territory of the United States of America or any national banking association (including the Trustee) or government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, having a combined capital and surplus of at least one hundred million dollars (\$100,000,000), or any corporation that is organized and operating within the United States of America and that has total assets in excess of five hundred million dollars (\$500,000,000) and that has an "Aa" or higher rating for its debt, other than commercial paper, as provided by Moody's (if Moody's is then rating the Bonds) and that has an "AA" or higher rating for its debt, other than commercial paper, as provided by S&P (if S&P is then rating the Bonds) and (iv) not exceed the final maturity of the Bonds or any bonds or other obligations issued to refinance or repay the Bonds.

Compliance with Master Indenture

Notwithstanding anything to the contrary contained in the Master Indenture, all agreements, conditions, covenants and terms contained in the Master Indenture required to be observed or performed by the District with respect to the Bonds shall be observed and performed by the District in accordance therewith.

Accounts and Funds

Any account or fund required to be established and maintained by the Depositary or the Treasurer or the Trustee under the Master Indenture may be established and maintained in the accounting records of the Depositary or the Treasurer or the Trustee either as an account or fund, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or as a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

THE FIRST SUPPLEMENTAL INDENTURE

Authorization for the Series 2011 Bonds

The Series 2011 Bonds are authorized to be issued by the District pursuant to the terms of the Law and the Master Indenture, as supplemented by the First Supplemental Indenture, for the purpose of financing improvements to the Harbor Facilities of the District. The First Supplemental Indenture sets forth the terms and form of the Series 2011 Bonds, the purpose of which the Series 2011 Bonds are being issued and the application of proceeds of the funds and accounts or funds, and provides that the terms of the Series 2011 Bonds are under and secured by the Master Indenture, as supplemented by the First Supplemental Indenture.

Continuing Disclosure

The District will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed by the District, the Trustee and Union Bank, N.A., as Dissemination Agent thereunder, on the date of the original delivery of the Series 2011 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof, and notwithstanding any other provision of the First Supplemental Indenture, failure of the District to comply with such Continuing Disclosure Agreement shall not be considered an Event of Default under the First Supplemental Indenture; provided, that any Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations thereunder.

APPENDIX B

BOOK-ENTRY SYSTEM

The information in this Appendix B concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book entry system has been obtained from DTC and the District takes no responsibility for the completeness or accuracy thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2011 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2011 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2011 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. DTC will act as securities depository for the Series 2011 Bonds. The Series 2011 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 security certificate will be issued for each issue of the Series 2011 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation Inc. and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2011 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 Series 2011 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 Series 2011 Bonds, except in the event that use of the book-entry system for the Series 2011 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2011 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 Series 2011 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 Series 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011 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.

5. 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 Series 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Series 2011 Bonds may wish to ascertain that the nominee holding the Series 2011 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2011 Bonds within an issue 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.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 Series 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2011 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 District or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Series 2011 Bonds at any time by giving reasonable notice to the District 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.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2011 Bond certificates will be printed and delivered to DTC.

11. The information in this appendix concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR VENTURA COUNTY

Population. As of July 30, 2010, the population for the County of Ventura (the “County”) was 825,669, a .87% increase over the 2009 population level of 818,546. The following table shows the population for the County for the years 2006 to 2010.

Ventura County Population as of July 30

2006	801,225
2007	805,911
2008	812,028
2009	818,546
2010	825,669

Source: State of California, Department of Finance.

Unemployment Rate. As of August 2011, the civilian labor force in the County reached an estimated 427,000. This is an increase of .73% from the 2007 annual average civilian labor force of 423,900. The annual average unemployment rate increased 5.6% over the same period. The table below lists figures for the civilian labor force and comparative unemployment rates for the years 2007 to August 2011.

Ventura County Civilian Labor Force, Employment and Unemployment Annual Average

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011⁽¹⁾</u>
Labor Force	423,900	429,200	430,300	430,900	427,000
Employment	403,300	402,500	387,800	384,300	382,400
Unemployment	20,600	26,700	42,500	46,600	44,700
Unemployment Rate	4.9%	6.2%	9.9%	10.8%	10.5%

⁽¹⁾ Data as of August, 2011.

Source: State of California, Employment Development Department.

Personal Income. Between 2006 and 2010, the County’s median household effective buying income increased 14.9%. The table below summarizes the median household effective buying income for the County for the years 2006 to 2010.

**Ventura County
Effective Buying Income**

<u>Year</u>	<u>Median Household Effective Buying Income</u>
2006	\$54,108
2007	56,424
2008	59,954
2009	59,275
2010	62,193

Sources: Demographics US for 2006 and 2007, Survey of Buying Power and Media Markets for 2008 and 2009, and the Nielson Company for 2010.

Assessed Valuation: The following table shows the assessed valuations for the County for fiscal years 2007-08 to 2011-12.

**Ventura County
Assessed Valuations**

	<u>Non-Unitary Local Secured</u>	<u>Utility</u>	<u>Total Before Unsecured</u>	<u>Total After Rdv. Increment</u>	<u>Unitary Rdv. Increment</u>	<u>Utility</u>
2007-08	\$ 99,556,938,108	\$161,838,949	\$3,995,478,212	\$103,714,255,269	\$94,618,404,156	\$1,223,042,907
2008-09	102,610,401,433	136,838,707	4,232,654,946	106,979,895,086	97,263,150,716	1,288,498,698
2009-10	99,894,705,226	111,238,254	4,448,792,440	104,454,735,920	94,734,175,475	1,191,342,723
2010-11	99,790,940,144	123,561,980	4,224,344,135	104,138,846,259	94,752,127,149	1,229,617,358
2011-12	99,748,559,914	110,633,707	4,100,024,251	103,959,217,872	94,580,996,639	1,407,340,076

Source: California Municipal Statistics, Inc.

Major Employers. The following tables show the major employers in the County.

**Ventura County
Major Employers
2011**

<u>Company Name</u>	<u>Location</u>	<u>Product/Service</u>
Amgen Inc.	Thousand Oaks	Biological Specimens - Manufacturers
Anthem Blue Cross	Westlake Village	Insurance
Baxter Healthcare	Westlake Village	Medical Groups
Boskovich Farms Inc	Oxnard	Ranches
California State - Channel Islands	Camarillo	Schools
Camarillo Lodge Loyal Order	Camarillo	Fraternal Organizations

<u>Company Name</u>	<u>Location</u>	<u>Product/Service</u>
Central Purchasing Inc	Camarillo	Tools - New & Used
Coleman Welding	Ventura	Welding
Community Memorial Hospital	Ventura	Hospitals
Farmers Insurance Group	Simi Valley	Insurance
Haas Automation Inc	Oxnard	Machinery - Manufacturers
Harbor Freight Tools USA Inc	Camarillo	Tools - New & Used
JNB Industries LLC	Oxnard	Street Cleaning
Los Robles Hospital & Med Ctr	Thousand Oaks	Hospitals
MoorPark College	Moorpark	Schools - Universities & Colleges Academic
Move Inc	Westlake Village	Real Estate Support Services
Nancy Reagan Breast Ctr	Simi Valley	Diagnostic Imaging Centers
Naval Air Warfare Ctr Weapons	Point Mugu Nawc	Federal Government-National Security
Naval Construction Battalion	Port Hueneme	Federal Government-National Security Schools - Universities & Colleges
Oxnard College	Oxnard	Academic
Sheriff's Dept - Jails	Ventura	Sheriff
Simi Valley Hospital	Simi Valley	Hospitals
Simi Valley Hospital & Hlthcr	Simi Valley	Health Services
St John's Regional Medical Ctr	Oxnard	Hospitals
Ventura County Superintendent	Camarillo	Schools

Source: State of California, Employment Development Department.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Harbor Commissioners
Oxnard Harbor District
Port of Hueneme, California

Oxnard Harbor District Refunding Revenue Bonds,
Series 2011A (AMT) and Series 2011B (Non-AMT)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Oxnard Harbor District (the “District”) in connection with issuance of \$17,470,000 aggregate principal amount of Oxnard Harbor District Refunding Revenue Bonds, Series 2011A (AMT) (the “Series 2011A Bonds”), and \$7,220,000 aggregate principal amount of Oxnard Harbor District Refunding Revenue Bonds, Series 2011B (Non-AMT) (the “Series 2011B Bonds” and together with the Series 2011A Bonds, the “Bonds”), pursuant to the Master Indenture executed and entered into as of December 1, 2011, between the District and Union Bank, N.A., as trustee (the “Trustee”), as supplemented by the First Supplemental Indenture executed and entered into as of December 1, 2011, between the District and the Trustee (collectively, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court 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. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the 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. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other 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 harbor districts in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute the valid and binding limited obligations of the District.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the District. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Series 2011A Bond for any period that such Series 2011A Bond is held by a "substantial user" of the facilities financed or refinanced by the proceeds of the Series 2011A Bonds, or by a "related person" within the meaning of Section 147(a) of the Code. Interest on the Series 2011A Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Interest on the Series 2011B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that interest on the Series 2011B Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX E
DISTRICT FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 and 2011

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Port Hueneme, California

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2011 and 2010





The Port of Hueneme is the only deep water harbor between Los Angeles and the San Francisco Bay area and is a U.S. Port of Entry. It serves international businesses and ocean carriers. The niche markets that Hueneme serves include the import and export of automobiles and fresh produce. Its unique positioning near the Santa Barbara Channel has also made the Port of Hueneme the primary support facility for the offshore oil industry in California's Central Coast region.

Port of Hueneme - Oxnard Harbor District

Board of Harbor Commissioners as of June 30, 2011

Name	Title	Elected/ Appointed	Current Term
Jess Herrera	President	Elected	1/11 - 1/15
Dr. Manuel M. Lopez	Vice-President	Elected	1/09 - 1/13
Jesse J. Ramirez	Secretary	Elected	1/09 - 1/13
Jason T. Hodge	Commissioner	Elected	1/11 - 1/15
Mary Anne Rooney	Commissioner	Elected	1/11 - 1/15

Pete Wallace – Acting Executive Director

Andrew Palomares – Director of Finance and Administration/Treasurer

**Oxnard Harbor District
333 Ponomo Street
Port Hueneme, California 93041
(805) 488-3677 • www.portofhueneme.org**

**Port of Hueneme
Oxnard Harbor District
(Port Hueneme, California)**

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2011 and 2010

Prepared by:

Peter Wallace, Acting Executive Director

Andrew J. Palomares, Director of Finance & Administration, Treasurer

**Oxnard Harbor District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2011 and 2010**

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Introductory Section



September 30, 2011

Oxnard Harbor District
Board of Harbor Commissioners
Port Hueneme, California

State law requires that every general-purpose government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011.

The District's Acting Executive Director, Director of Finance and Administration/Treasurer, along with the rest of the entire management team assumes full responsibility for the completeness and reliability of the information contained in the Management's Discussion and Analysis (MD&A) and Financial Statements, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Charles Z. Fedak & Co., Certified Public Accountants, has issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

The Management's Discussion and Analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the District

The Oxnard Harbor District (District) is a political subdivision of the State of California and operates as an independent special district. The District owns and manages the commercial Port of Hueneme. The District was created in 1937 pursuant to authority of the State of California Harbors and Navigation Code which provides for the formation of Harbor Districts (Section § 6000 et. al).

The District's policies are established by a five-member Board of Harbor Commissioners elected at large from the District. The day-to-day business operations of the District are administered by an Executive Director and professional staff.

The District is empowered to acquire, construct, own, operate, control or develop any and all harbor works or facilities necessary to the efficient undertaking of its mission. The District prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations.

The District's current political boundaries are comprised of the City of Oxnard (population 200,000), the City of Port Hueneme (population 21,900) and some unincorporated areas within Ventura County. Each Harbor Commissioner is popularly elected by the voters of the Oxnard Harbor District's service area for a four-year term. Their terms are staggered to maintain continuity.

The District does not assess taxes for operations or capital expansion. Its operating expenses are funded by the revenues generated by tariff charges, lease and other contract revenues assessed upon Port users. The District's Port Terminal Tariff No. 7, as amended from time to time sets forth the rules, regulations and fees applicable to use of Port facilities. The District has long-term contracts with customers that provide for minimum guarantees and incentives for cargo operations.

The District's commercial seaport facilities are exclusively located within the City of Port Hueneme. Therefore, the District and the City of Port Hueneme have a number of agreements to assist the City to cover specific services provided by the City to the commercial seaport and in mitigation of certain environmental effects within the City.

Pursuant to an agreement dated October 20, 1983, the District compensates the City of Port Hueneme for certain services provided to the District. The District's compensation is based on approximately 3.33% of the District's gross operating revenues and cover services such as road improvements and police services.

In 1987 the District increased the compensation to the City under an agreement dated March 18, 1987 to mitigate the environmental impacts of the District's Wharf 2 project and to cover potential increased City expenses. Compensation is based on an additional 1.67% of the District's gross operating revenues and a cost per unit to convoy automobiles through the City to vehicle distribution centers located 1½ miles from the seaport on industrial property in the City of Oxnard.

In December 1995, the District entered into a Memorandum of Understanding ("MOU") regarding the Former Naval Civil Engineering Laboratory (NCEL) property with the City and the Port Hueneme Surplus Property Authority, for the District to obtain the consent of the City for acquisition and use of the NCEL property in accordance with the California Harbors and Navigation Code. This MOU required the District to remit additional funds to the City. The payments to the City of Port Hueneme represent the largest portion of the "Government Contractual Agreements" item shown in the Financial Statements under Operating Expenses.

Pursuant to the California Harbors and Navigation Code, the District adopts an operating budget, including a capital plan and a debt schedule for each fiscal year (July 1 through June 30). Annually the District engages an independent auditor to audit the fiscal year end financial statements.

Auto Import and Export



A high value commodity handled at the Port of Hueneme is automobile imports and exports. The Oxnard Harbor District has contracts with three vehicle distribution companies for the handling of vehicles at the Port. These companies process the vehicles prior to delivery to dealers and coordinate their inland transportation. These three vehicle distribution companies are BMW of North America, Wallenius-Wilhelmsen Logistics (WWL) and Global Automobile Processing, Services, Inc. (GAPS). These companies make the Port of Hueneme an important west coast gateway for the import and export of automobiles and other rolling stock. The Port has dedicated approximately 34-acres of terminal land for the use by its automobile customers.

The Port of Hueneme's geographic location, close to the Southern and Northern California automobile markets, along with the processing companies' productivity and attention to the auto industry are the main reasons for the establishment of the Port as an important automotive gateway center. Automobiles contribute the greatest percentage of ocean freight operating revenue to the District.

California Fresh Port



In 1978 Del Monte Fresh Produce N.A., Inc. (Del Monte) began a weekly service to the Port of Hueneme for the import of bananas and tropical fruit from Latin America.

Since the initiation of Del Monte's breakbulk terminal operations, the District has built two on-dock refrigerated transit facilities to support import / export of fresh fruit products. One of the facilities is used by Del Monte for handling bananas, pineapples, melons and other tropical fruits. The other refrigerated transit facility was built in association with Cool Carriers of North America in 1992. Today, the Cool Carriers facility is operated by NYKCool, a company that specializes in refrigerated vessel operations, terminal services and fresh fruit logistics.

Today, the District has 223,000 square feet of refrigerated terminal space available for fresh fruit importers and exporters. Bananas and fresh fruit comprise the single largest commodity type handled at the Port of Hueneme.

In 1998, the District entered into a lease for the distribution of liquid fertilizer. Today, Yara North America, one of the world's largest fertilizer suppliers, operates a state-of-the-art automated terminal at the Port of Hueneme for distribution of fertilizer to the agriculture industry in the area surrounding the Port.

Profile of the Southern California Trade

The Oxnard Harbor District, Port of Hueneme, is located in Ventura County, California and is approximately sixty miles north of downtown Los Angeles. The Port of Hueneme is one of eleven California deepwater ports identified as natural resources for the State of California. It is also one of four Ports in Southern California. The four Ports combined handle in excess of 262 million metric revenue tons of general cargo. The Port of Hueneme is one of the three commercial seaports associated with the Los Angeles/Long Beach gateway. This gateway represents one of the nation's largest commercial seaport complexes.

As the Ports of Los Angeles and Long Beach focus their operations to accommodate the larger container vessels calling on the West Coast, the Port of Hueneme will continue to specialize in the traditionally non-containerized fresh fruit industry, the general cargo rollon and rolloff industry, and the non-containerized project cargo market. This specialized focus with important Customers will be especially important for the Port of Hueneme to recover from the recession that impacted the automotive industry in the Southern California marketplace..

Since the Southern California gateway was adversely impacted by the recent global recession's impact on trade, the economic forecast for this gateway suggests that recovery of trade began in 2010 with year over year increases in cargo throughput and has continued into 2011. Additionally, the recent spike in U.S. exports has resulted in new cargo opportunities for the gateway.

Historical Trends Oxnard Harbor District

The historical trend for operating revenues and expenses demonstrates the sound fiscal management employed by the Harbor District. Over the past ten years, the District's ocean freight operating revenues have been driven by the automobile cargo and fresh produce cargo. Since 2001, these two business sectors have generated well over 75% of the District's operating revenues from cargo throughput. From 2001 to 2006, the automotive sector had year over year increases. From 2007 to 2009, as a result of changes in the global marketplace, the District began to see reductions in the volume of imports resulting in reduced revenues.

By 2009, the District had the lowest revenue generation from automobiles in the past ten years. Today, the automotive revenues have begun a recovery, and the District's forecast suggests that the District will return to the 2006 level of revenue from this business sector by 2014–2015. To achieve this, the District will have to grow approximately 25,000 units per calendar year for the next five years. The current market trends for automobile imports and exports suggests that this forecast is a reasonable one and the District anticipates year over year increases in volume and revenues from automobile cargo. For the period ending June 30, 2011, the District's automobile imports/exports were an 8.2% increase over the prior year ended June 30, 2010.

The fresh produce cargo over the past ten years has steadily increased even though the products handled by the District's customers have changed. Today, the District's fresh produce is driven by the non-containerized palletized banana and tropical fruit trade with Central and South America. The West Coast banana trade is divided among two primary ports: Hueneme and San Diego. While there will continue to be pressures placed on the banana supply chain to convert palletized, non-containerized fresh produce to fully containerized fruit, the market demand for this product is very suitable for the "niche port". The sale of products by the banana importers free on board (FOB) at the port-of-entry, makes the highly congested general cargo container terminals in Los Angeles and Long Beach less competitive than the specialized terminals in Hueneme and San Diego. The District has handled fresh fruit products for over thirty years and it is anticipated that while product mix, origin, and cargo handling modes may change, this cargo will remain a sustainable product line for the Port of Hueneme. The District currently renegotiated the NYKCool Terminal Agreement in fiscal 2011/2012 to accommodate a planned conversion by Chiquita Brands from palletized to containers.

With the execution of a long term (30-year) agreement with Yara of North America, the District diversified its cargo mix and respective revenues by including liquid bulk fertilizer products. Likewise, the Port's acquisition in 2009 of new industrial property will help the District's property management revenues to grow.

In 2011, the District successfully reduced discretionary operating expenses by 3.7% over 2010. The District's operating expenses are below spending levels of 2007 (5 years ago) by 4.1%. The 2011 operating expenses for the District were 2.0% lower than the District's 2006 operating expenses. The District continues to utilize monthly financial reporting to monitor and maintain operating expenses versus current budget and prior year actual results by department to maintain expenses at the lowest possible levels.

The California Association of Port Authorities represents the eleven commercial deepwater ports within the State. These commercial deepwater ports represent one of the nation's busiest continuous coastlines and they are responsible for a majority of goods and freight movements into the United States. California has seen dramatic increases in trade. In 2001, the California ports handled 215 million revenue tons of cargo of general cargo, and by 2007 this cargo increased to over 332 million tons. While the global recession has seen a decline in total tonnage for 2009 and 2010, the California Ports forecast continuous to rebound. General Cargo in 2010-2011 accounted for 294 million revenue tons resulting in a 27 million revenue ton increase over 2009-2010. .

Long-term Financial Planning

Major capital investments of the District are financed through the use of revenue bonds issued by the Harbor District pursuant to the California Harbors and Navigation Code. The District currently has approximately \$26 million of outstanding revenue bond debt. During the current Fiscal Year 2011-2012, the District began a bond refunding process to take advantage of lower interest rates within the public bond market. The District is only refinancing debt with no new monies being sought. With interest rates being the lowest in over 40 years, the District may potentially realize upwards to \$3 million plus in interest savings over the remaining term of the District's entire outstanding debt.

In addition to restricted revenue bond funds, the District utilizes excess general funds, state grants and federal grants to undertake projects identified in the annual capital outlay plan. Currently, the District's Capital Outlay Program is generally limited to Port Security Projects that are eligible for funding from California Port and Maritime Security Grant Programs, Department of Homeland Security (DHS) Port Security Grant Program 7B, 8, 9 and 10, and the American Recovery and Reinvestment Act (ARRA) Port Security Program. The District has been awarded over \$10 million in State and Federal Grants. The District was allocated another \$1.1 million in the FY 2011 Federal Security Grant program.

For the current Capital Outlay Program, the District has allocated \$8.8 million for Fiscal Year 2011-2012 for various projects. The sources of funds for this year's capital program are General Fund 21.0%, Revenue Bonds 4.3% and State/Federal Grants 74.7%. The primary projects being undertaken in this current year's capital program are \$5.8 million in Port Security Projects that will improve port access control and surveillance activities and \$3.0 million in Port life cycle facility maintenance and upgrade projects.

Relevant Financial Policies

Internal Control Structure

The District's Board of Harbor Commissioners is responsible for policies associated with the District's financial internal controls. The District employees implement the District's policies and are responsible for the establishment and maintenance of the day-to-day internal control structure that ensures that the assets of the District are protected from loss, theft, or misuse.

The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that generally accepted accounting principles are followed.

Budgetary Control

The District's Board of Harbor Commissioners annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for allocation of District resources and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis. The District's operating budget is generally divided into operating business entities managed and administered by program managers.

Investment Policy

The Board of Harbor Commissioners annually adopts an investment policy that conforms to state law, District ordinances and resolutions, and applicable revenue bond debt covenants. Additionally, the Board designates a Treasurer who is responsible for the implementation of the District's investment policy. The objectives of the investment policy in order of importance are safety of principal, liquidity, and yield. District funds are invested in the State of California Local Agency Investment Fund, Federal Securities, Federal Home Loan Bank securities, money market mutual funds and other securities as provided in the investment policy.

Mission and Planning Principles

The Mission Statement for the Oxnard Harbor District as adopted by the Board of Harbor Commissioners is as follows:

In keeping with the State of California Harbors, and Navigation Code, and the principles of sound public stewardship, the District's mission is to provide the services requisite for the continuation and enhancement of maritime-related commerce. To this end, the District will endeavor to make certain that Port activities are made economically self-supporting by generating revenue sufficient to achieve the widest and fullest realization of the Port's potential, thereby providing the maximum possible economic and social benefits to the people and community served by the Port.

General Planning Principles that guide the District's development and expansion are set forth in the District's Port Master Plan. They include:

- *Projects which do not require relatively large amounts of land area are preferable to those which do.*
- *Projects which require deep-draft berths are preferable to those which don't.*
- *Projects which require vessels that have their own cargo-handling equipment are preferable to those which don't and similarly, projects which do not require investments by the Port in major shore-side equipment are preferable to those that do. Investments by the Port in shoreside cargo handling equipment may be required for some projects.*
- *Projects which require no special storage facilities or other buildings are preferable to those which do.*

- *Projects which require relatively large inputs of labor are preferable to those which don't.*
- *Projects which offer relatively high facility utilization are preferable to those which don't.*
- *Projects which represent the first venture into a major market are generally preferable to those which are likely to be the only one of the kind.*
- *Public access to the Port facilities should be provided that are practically and economically feasible and consistent with public safety and efficiency of port operations and land availability.*
- *Every effort shall be made to enhance the aesthetic appearance of the Port's facilities.*
- *Every effort shall be made to minimize any adverse environmental impact of any particular project, to the extent that it is practically and economically feasible.*

Awards and Acknowledgements

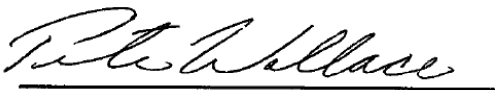
In 2009, the District was recognized with an Award of Excellence from the American Association of Port Authorities and with a Project of the Year award from the Oxnard-Ventura Post of the Society of America Military Engineers for the planning, development and implementation of a Confined Aquatic Disposal (CAD) project. The CAD project was a joint project of the District, U.S. Navy and U.S. Army Corps of Engineers. The project established an in-harbor dredge disposal site for the removal of contaminated sediments from the Hueneme Harbor. The project was recognized for innovative project delivery and for the environmental benefits of removing contaminants from U.S. waterways. The project resulted in a 50% cost reduction for each of the agencies responsible for portions of the Harbor clean-up.

The District was awarded the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* for the first time for its 2010 Comprehensive Annual Financial Report (CAFR). To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

This is the second year that the District is submitting its Comprehensive Annual Financial Report (CAFR) for the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*. A Certificate of Achievement is valid for a period of one year. We believe that this CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for 2011.

Preparation of this report was accomplished by the combined efforts of the District's Management Team. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Harbor Commissioners for their continued support in planning and implementation of the Oxnard Harbor District's fiscal policies.

Respectfully submitted,



Pete Wallace
Acting Executive Director



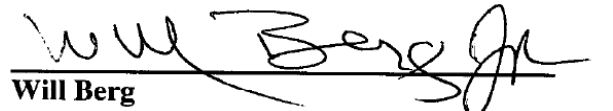
Chris Birkelo
Director of Facilities Development



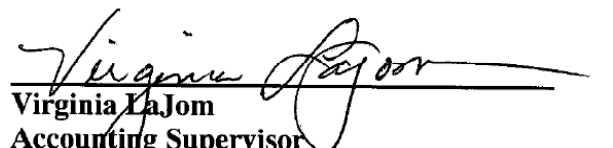
Nick Nielsen
Manager of Maintenance



Andrew J. Palomares
Director of Finance and Administration/
Treasurer



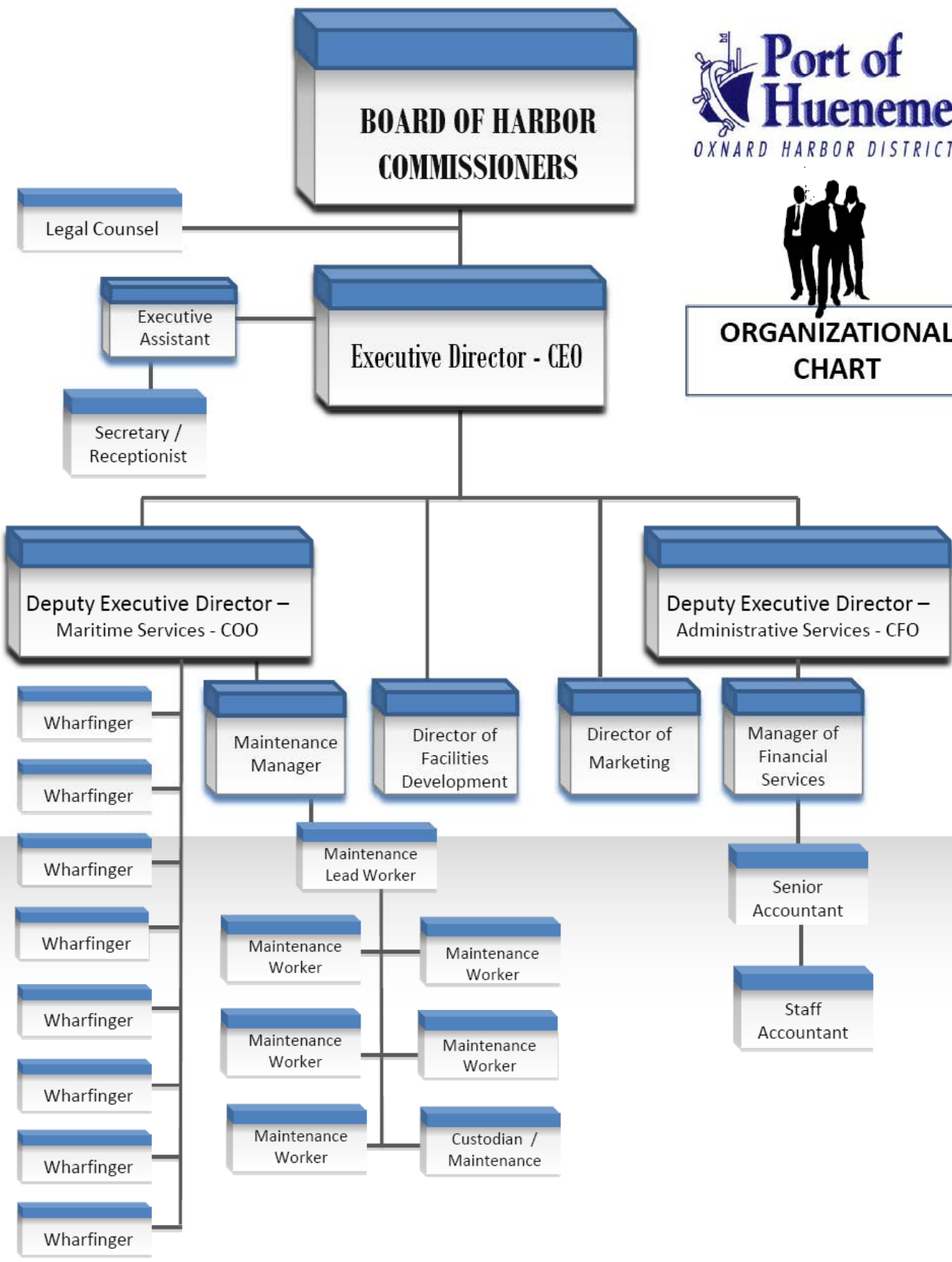
Will Berg
Director of Marketing / P.I.O.



Virginia LaJom
Accounting Supervisor



ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Oxnard Harbor District
Port of Hueneme
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

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Charles Z. Fedak, CPA, MBA
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Independent Auditor's Report

Board of Harbor Commissioners
Oxnard Harbor District
Port Hueneme, California

We have audited the accompanying financial statements of the Oxnard Harbor District (District) as of and for the years ended June 30, 2011 and 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits 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; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Oxnard Harbor District as of June 30, 2011 and 2010, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 our audit. That report can be found on page 61.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 15 and the required supplementary information on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditor's Report, continued

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 8, the supplemental information section on pages 42 through 45, and the statistical section on pages 46 through 60 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Charles Z. Fedak & Co. CPA's
An Accountancy Corporation*

Charles Z. Fedak and Company, CPA's – An Accountancy Corporation
Cypress, California
August 31, 2011

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Oxnard Harbor District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net assets decreased 2.23% or \$1,202,847 from \$53,823,414 to \$52,620,567 in fiscal year 2011 as a result of this year's operations. In fiscal year 2010, the District's net assets decreased 0.05% or \$22,645 from \$53,846,059 to \$53,823,414 as a result of that year's operations.
- In 2011, the District's operating revenues increased by 0.76% or \$79,620 due primarily to an increase in cargo activities and a decrease in other operating revenues. In 2010, the District's operating revenues increased by 3.92% or \$392,910 due primarily to an increase in cargo activities
- In 2011, the District's operating expenses decreased by 3.56% or \$252,551 due primarily to a decrease in insurance expense of \$351,131 as the District did not renew its earthquake insurance premium for fiscal year 2011. In 2010, the District's operating expenses decreased by 5.56% or \$417,712 due primarily to decreases in amounts due on governmental contractual agreements of \$124,726, non-essential maintenance expense of \$106,666 and port promotion of \$118,268.
- In 2011, the District expensed a construction-in-process project – deep draft navigation project – for a loss of \$1,092,177 as it was determined that the \$4,847,370 maintenance dredging project capitalized in fiscal year 2010 satisfied many aspects of the overall deep draft navigation project.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Assets includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate fiscal stability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, non-capital financing, capital and related financing and investing activities.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

Financial Analysis of the District, continued

These two statements report the District's *net assets* and changes in them. One can think of the District's net assets – the difference between assets and liabilities – as a way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, new or changed government legislation and opportunities to attract new customers to the port.

Statement of Net Assets

	Condensed Statement of Net Assets				
	2011	2010	Change	2009	Change
Assets:					
Current assets	\$ 14,063,768	10,650,407	3,413,361	8,178,957	2,471,450
Non-current assets	5,500,684	10,300,603	(4,799,919)	10,126,633	173,970
Capital assets, net	<u>63,184,639</u>	<u>66,009,796</u>	<u>(2,825,157)</u>	<u>68,561,055</u>	<u>(2,551,259)</u>
Total assets	<u>82,749,091</u>	<u>86,960,806</u>	<u>(4,211,715)</u>	<u>86,866,645</u>	<u>94,161</u>
Liabilities:					
Current liabilities	1,990,799	3,854,562	(1,863,763)	2,746,713	1,107,849
Non-current liabilities	<u>28,137,725</u>	<u>29,282,830</u>	<u>(1,145,105)</u>	<u>30,273,873</u>	<u>(991,043)</u>
Total liabilities	<u>30,128,524</u>	<u>33,137,392</u>	<u>(3,008,868)</u>	<u>33,020,586</u>	<u>116,806</u>
Net assets:					
Net investment in capital assets	37,639,639	37,169,796	469,843	39,721,055	(2,551,259)
Restricted	7,285,362	7,278,792	6,570	7,894,856	(616,064)
Unrestricted	<u>7,695,566</u>	<u>9,374,826</u>	<u>(1,679,260)</u>	<u>6,230,148</u>	<u>3,144,678</u>
Total net assets	<u>\$ 52,620,567</u>	<u>53,823,414</u>	<u>(1,202,847)</u>	<u>53,846,059</u>	<u>(22,645)</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$52,620,567 and \$53,823,414 as of June 30, 2011 and 2010, respectively.

A large portion of the District's net assets (72% as of June 30, 2011 and 69% as of June 30, 2010) reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide dockage and wharfage facilities and other services to customers of the District; consequently, these assets are *not* available for future spending.

At the end of fiscal years 2011 and 2010, the District shows a positive balance in its unrestricted net assets of \$7,695,566 and \$9,374,826, respectively. See note 11 for the amount of spendable net assets that may be utilized in future years.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

Statement of Revenues, Expenses and Changes in Net Assets

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2009</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 10,487,862	10,408,242	79,620	10,015,332	392,910
Non-operating revenues	87,992	794,777	(706,785)	638,095	156,682
Total revenues	<u>10,575,854</u>	<u>11,203,019</u>	<u>(627,165)</u>	<u>10,653,427</u>	<u>549,592</u>
Expenses:					
Operating expenses	6,840,424	7,092,975	(252,551)	7,510,687	(417,712)
Depreciation and amortization	3,010,045	3,087,810	(77,765)	2,701,143	386,667
Non-operating expenses	2,714,197	1,711,126	1,003,071	1,792,626	(81,500)
Total expenses	<u>12,564,666</u>	<u>11,891,911</u>	<u>672,755</u>	<u>12,004,456</u>	<u>(112,545)</u>
Net income before cap con	(1,988,812)	(688,892)	(1,299,920)	(1,351,029)	662,137
Capital contributions	785,965	666,247	119,718	1,112,902	(446,655)
Change in net assets	(1,202,847)	(22,645)	(1,180,202)	(238,127)	215,482
Net assets, beginning of year	<u>53,823,414</u>	<u>53,846,059</u>	<u>(22,645)</u>	<u>54,084,186</u>	<u>(238,127)</u>
Net assets, end of year	<u>\$ 52,620,567</u>	<u>53,823,414</u>	<u>(1,202,847)</u>	<u>53,846,059</u>	<u>(22,645)</u>

The statement of revenues, expenses and changes in net assets shows how the District's net assets changed during the fiscal years. Net assets decreased by (\$1,202,847) and (\$22,645) for the fiscal years ended June 30, 2011 and 2010, respectively.

A closer examination of the sources of changes in net assets reveals that:

In 2011, the District's operating revenues increased by 0.76% or \$79,620 due primarily to an increase in cargo activities and a decrease in other operating revenues. In 2010, the District's operating revenues increased by 3.92% or \$392,910 due primarily to an increase in cargo activities

In 2011, the District's operating expenses decreased by 3.56% or \$252,551 due primarily to a decrease in insurance expense of \$351,131 as the District did not renew its earthquake insurance premium for fiscal year 2011. In 2010, the District's operating expenses decreased by 5.56% or \$417,712 due primarily to decreases in amounts due on governmental contractual agreements of \$124,726, non-essential maintenance expense of \$106,666 and port promotion of \$118,268.

Operating and Non-Operating Revenues

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2009</u>	<u>Change</u>
Operating revenues:					
Auto cargo	\$ 5,553,797	5,067,786	486,011	4,141,894	925,892
Fresh produce cargo	2,731,854	2,986,912	(255,058)	3,454,636	(467,724)
Offshore oil	616,907	716,410	(99,503)	688,031	28,379
Property management	1,177,109	1,142,746	34,363	1,343,299	(200,553)
Other operating income	408,195	494,388	(86,193)	387,472	106,916
Total operating revenues	<u>10,487,862</u>	<u>10,408,242</u>	<u>79,620</u>	<u>10,015,332</u>	<u>392,910</u>
Non-operating revenues:					
Investment earnings	42,016	31,669	10,347	250,941	(219,272)
Other non-operating revenues	111,375	793,703	(682,328)	475,456	318,247
Total non-operating revenues	<u>153,391</u>	<u>825,372</u>	<u>(671,981)</u>	<u>726,397</u>	<u>98,975</u>
Total revenues	<u>\$ 10,641,253</u>	<u>11,233,614</u>	<u>(592,361)</u>	<u>10,741,729</u>	<u>491,885</u>

Total revenues decreased by \$592,361 and increased by \$491,885 in fiscal years 2011 and 2010, respectively.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

Operating and Non-Operating Expenses

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2009</u>	<u>Change</u>
Operating expenses:					
Salaries and benefits	\$ 4,292,829	4,317,130	(24,301)	4,292,580	24,550
Governmental contractual agreements	1,043,463	956,572	86,891	1,081,298	(124,726)
Security	208,777	213,543	(4,766)	209,259	4,284
Facilities and maintenance	463,166	446,626	16,540	553,292	(106,666)
Professional and legal	279,996	286,206	(6,210)	316,492	(30,286)
Materials and services	12,837	12,427	410	19,371	(6,944)
Port promotion	192,122	162,106	30,016	280,374	(118,268)
Insurance	347,234	698,365	(351,131)	758,021	(59,656)
Depreciation and amortization	3,010,045	3,087,810	(77,765)	2,701,143	386,667
Total operating expenses	\$ 9,850,469	10,180,785	(330,316)	10,211,830	(31,045)
Non-operating expenses:					
Interest expense – long-term debt	1,550,615	1,628,250	(77,635)	1,708,560	(80,310)
Amortization of deferred charges	71,405	82,876	(11,471)	84,066	(1,190)
Other non-operating expenses	1,157,576	30,595	1,126,981	88,302	(57,707)
Total non-operating expenses	2,779,596	1,741,721	1,037,875	1,880,928	(139,207)
Total expenses	\$ 12,630,065	11,922,506	707,559	12,092,758	(170,252)

Total expenses increased by \$707,559 and decreased by \$170,252 in fiscal years 2011 and 2010, respectively.

Capital Asset Administration

The changes in capital assets of the District are summarized below and more fully analyzed in Note 5 to the basic financial statements.

Changes in capital assets for fiscal year 2011 were as follows:

	<u>Balance</u> <u>2010</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>2011</u>
Non-depreciable assets	\$ 16,505,025	1,277,151	(1,746,785)	16,035,391
Depreciable assets	84,630,343	654,522	(343,259)	84,941,606
Accumulated depreciation	(35,125,572)	(3,010,045)	343,259	(37,792,358)
Total capital assets, net	66,009,796	(1,078,372)	(1,746,785)	63,184,639

Changes in capital assets for fiscal year 2010 were as follows:

	<u>Balance</u> <u>2009</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>2010</u>
Non-depreciable assets	\$ 25,347,271	944,176	(9,786,422)	16,505,025
Depreciable assets	79,353,867	9,384,521	(4,108,045)	84,630,343
Accumulated depreciation	(36,140,083)	(3,087,810)	4,102,321	(35,125,572)
Total capital assets, net	68,561,055	7,240,887	(9,792,146)	66,009,796

At the end of fiscal year 2011, the District's investment in capital assets amounted to \$63,184,639 (net of accumulated depreciation). Major capital asset additions during the year amounted to \$1,277,065 for various projects and equipment.

Oxnard Harbor District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2011 and 2010

At the end of fiscal year 2010, the District's investment in capital assets amounted to \$66,009,796 (net of accumulated depreciation). Major capital asset additions during the year amounted to \$542,275 for various projects and equipment. (See Note 5 for further information)

Debt Administration

The long-term debt position of the District is summarized below and more fully analyzed in Note 9 to the basic financial statements.

Changes in long-term debt for fiscal year 2011 was as follows:

	Balance 2010	Additions/ Transfers	Deletions/ Transfers	Balance 2011
Revenue bonds	\$ 28,840,000	-	(3,295,000)	25,545,000

Changes in long-term debt for fiscal year 2010 was as follows:

	Balance 2009	Additions/ Transfers	Deletions/ Transfers	Balance 2010
Revenue bonds	\$ 28,840,000	-	-	28,840,000

Long-term debt decreased by \$3,295,000 for the fiscal year ended June 30, 2011 due to principal payments made toward paying-down the District's 2000 Series Revenue Bonds and 2004 A Series Revenue Bonds. In 2010, no principal payments were made since those payments were prepaid in fiscal year 2009. (See Note 9 for further information)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 20 through 40.

Economic Conditions

During the fiscal year ending June 30, 2011, the District experienced a slight decrease in the amount of total cargo imported and exported through the Port. Overall revenue tonnage decreased by -2.8% however, the Ports highest rate cargo, auto imports, increased by 17.7% which contributed to an overall 0.8% increase in total revenue to the District. As the general economy rebounds and grows, the demand for new automobiles and other types of cargos should also increase. Increases in cargo volume through the Port of Hueneme will result in increases in revenues. The District continues to actively seek new customers and types of cargos to diversify its current lines of business. The Port of Hueneme does compete with other west coast ports for cargo.

Subsequent Event

The District is in the process of refunding into one debt issue its total outstanding long-term debt as of June 30, 2011 of \$25,545,000. The refunding is expected to occur in December 2011.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Executive Director at 333 Ponoma Street, Port Hueneme, CA 93041.

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Basic Financial Statements

Oxnard Harbor District
Statements of Net Assets
June 30, 2011 and 2010

<i>Assets</i>	2011	2010
Current assets:		
Cash and cash equivalents (note 2)	\$ 6,388,401	7,524,685
Restricted – cash and cash equivalents (note 2)	6,158,441	1,361,742
Accrued interest receivable	7,871	6,755
Restricted – accrued interest receivable	539	1,959
Accounts receivable – harbor operations, net (note 3)	929,485	1,069,836
Grants receivable	177,156	209,865
Accounts receivable – other	553	75,527
Prepaid expenses and other assets	401,322	400,038
Total current assets	<u>14,063,768</u>	<u>10,650,407</u>
Non-current assets:		
Restricted – investments (note 2)	1,724,301	6,593,528
World Trade Center license (note 7)	51,000	51,000
Membership in Ventura County Railway Co., LLC (note 6)	3,370,774	3,230,061
Deferred charges, net (note 8)	354,609	426,014
Capital assets, not being depreciated (note 5)	16,035,391	16,505,025
Depreciable capital assets, net (note 5)	47,149,248	49,504,771
Total non-current assets	<u>68,685,323</u>	<u>76,310,399</u>
Total assets	<u>\$ 82,749,091</u>	<u>86,960,806</u>
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 358,544	410,434
Accrued revenue sharing payables (note 17)	698,404	846,597
Accrued salaries and benefits	110,431	84,528
Customer deposits and deferred revenue	81,401	85,302
Accrued interest payable	597,919	678,437
Long-term liabilities – due within one year:		
Compensated absences (note 10)	144,100	144,264
Revenue bonds payable (note 9)	-	1,605,000
Total current liabilities	<u>1,990,799</u>	<u>3,854,562</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 10)	432,300	432,793
Other post-employment benefits payable (note 14)	2,160,425	1,615,037
Revenue bonds payable (note 9)	25,545,000	27,235,000
Total non-current liabilities	<u>28,137,725</u>	<u>29,282,830</u>
Total liabilities	<u>30,128,524</u>	<u>33,137,392</u>
Net assets: (note 11)		
Net investment in capital assets	37,639,639	37,169,796
Restricted for construction projects	1,762,412	1,885,648
Restricted for debt service	5,522,950	5,393,144
Unrestricted	7,695,566	9,374,826
Total net assets	<u>52,620,567</u>	<u>53,823,414</u>
Total liabilities and net assets	<u>\$ 82,749,091</u>	<u>86,960,806</u>

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Auto cargo	\$ 5,553,797	5,067,786
Fresh produce cargo	2,731,854	2,986,912
Offshore oil	616,907	716,410
Property management:		
Land	898,389	960,550
Buildings	278,720	182,196
Other operating revenue:		
Liquid fertilizer	145,307	168,673
Reefer receptacles	42,005	40,829
Water hose rentals	2,045	1,872
Wharfage – fish and water	116,064	139,022
Other – moorings, permits and fees	102,774	143,992
Total operating revenues	<u>10,487,862</u>	<u>10,408,242</u>
Operating expenses:		
Salaries and benefits	4,292,829	4,317,130
Governmental contractual agreements	1,043,463	956,572
Security	208,777	213,543
Facilities and maintenance	463,166	446,626
Professional and legal	279,996	286,206
Materials and services	12,837	12,427
Port promotion	192,122	162,106
Insurance	347,234	698,365
Total operating expenses	<u>6,840,424</u>	<u>7,092,975</u>
Operating income before depreciation and amortization	3,647,438	3,315,267
Depreciation and amortization	<u>(3,010,045)</u>	<u>(3,087,810)</u>
Operating income	<u>637,393</u>	<u>227,457</u>
Non-operating revenues(expenses):		
Investment earnings	42,016	31,669
Interest expense – long-term debt	(1,550,615)	(1,628,250)
Amortization of deferred charges	(71,405)	(82,876)
Loss on discontinuance of deep draft navigation project	(1,092,177)	-
Change in membership in Ventura County Railway Co., LLC	140,713	151,288
Other revenue, net	(94,737)	611,820
Total non-operating revenues, net	<u>(2,626,205)</u>	<u>(916,349)</u>
Net loss before capital contributions	<u>(1,988,812)</u>	<u>(688,892)</u>
Capital contributions:		
Federal capital grants	327,792	317,244
State capital grants	458,173	349,003
Total capital contributions	<u>785,965</u>	<u>666,247</u>
Change in net assets	<u>(1,202,847)</u>	<u>(22,645)</u>
Net assets, beginning of year	<u>53,823,414</u>	<u>53,846,059</u>
Net assets, end of year	<u>\$ 52,620,567</u>	<u>53,823,414</u>

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash receipts from customers for harbor operations	\$ 10,703,187	10,429,315
Cash paid to employees for salaries and wages	(2,463,568)	(2,479,476)
Cash paid to vendors and suppliers for materials and services	(4,011,490)	(4,132,506)
Net cash provided by operating activities	4,228,129	3,817,333
Cash flows from non-capital financing activities:		
Other revenue, net	(94,737)	611,820
Net cash provided(used) by non-capital financing activities	(94,737)	611,820
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,277,065)	(542,275)
Proceeds from capital contributions	818,674	927,769
Principal paid on revenue bonds	(3,295,000)	-
Interest paid on revenue bonds	(1,631,133)	(1,628,250)
Net cash used in capital and related financing activities	(5,384,524)	(1,242,756)
Cash flows from investing activities:		
Purchase of investments	(6,810,018)	(13,193,893)
Proceeds from sale of investments	11,679,291	13,076,331
Proceeds from interest and investment earnings	42,274	97,324
Net cash provided(used) by investing activities	4,911,547	(20,238)
Net increase in cash and cash equivalents	3,660,415	3,166,159
Cash and cash equivalents, beginning of year	8,886,427	5,720,268
Cash and cash equivalents, end of year	\$ 12,546,842	8,886,427
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 6,388,401	7,524,685
Restricted assets – cash and cash equivalents	6,158,441	1,361,742
Total cash and cash equivalents	\$ 12,546,842	8,886,427

Continued on next page

See accompanying notes to the basic financial statements

Oxnard Harbor District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ <u>637,393</u>	<u>227,457</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Deprecation and amortization	3,010,045	3,087,810
Changes in assets – (increase)decrease:		
Accounts receivable – harbor operations, net	140,351	10,513
Accounts receivable – other	74,974	10,560
Prepaid expenses and other assets	(1,284)	346,459
Deposit – City of Port Hueneme	-	16,751
Changes in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(51,890)	31,898
Accrued revenue sharing payables	(148,193)	(533,085)
Accrued salaries and benefits	25,903	(13,147)
Customer deposits and deferred revenue	(3,901)	5,796
Compensated absences	(657)	49,257
Post-employment benefits payable	<u>545,388</u>	<u>577,064</u>
Total adjustments	<u>3,590,736</u>	<u>3,589,876</u>
Net cash provided by operating activities	\$ <u><u>4,228,129</u></u>	<u><u>3,817,333</u></u>

See accompanying notes to the basic financial statements

Oxnard Harbor District
Notes to the Basic Financial Statements
June 30, 2011 and 2010

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Oxnard Harbor District (District), a special district of the State of California, was created in 1937 under the State of California Harbors and Navigation Code which provides for the formation of harbor districts. The District is under the control of an elected five-member Board of Harbor Commissioners and is administered by an Executive Director. The District is empowered to acquire, construct, own, operate, control or develop any and all harbor works or facilities within or outside the established boundaries of the District. The commercial Port of Hueneme (Port) is owned and administered by the District. The District prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations.

The District operates as principal landlord for the purpose of assigning or leasing Port facilities and land areas. The District's principal sources of revenue are from cargo activity under tariffs and contracts (dockage and wharfage) and rentals of land and facilities. Capital construction is financed through operations and revenue bond debt proceeds. Daily operation of Port facilities and regular maintenance are performed by the District's regular work force. Major maintenance and new construction projects are awarded by bid to commercial contractors. As a non-operating port, cargo handling is the responsibility of commercial contractors as permitted by the Board of Harbor Commissioners.

B. Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses are generated and incurred through the cargo activities performed by the District's customers; operating expenses include the maintenance of the facilities and infrastructure, security, port promotion and service contracts and environmental mitigation with the City of Port Hueneme. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

The District has elected under GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

C. Financial Reporting

The District's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net assets replaces the balance sheet and reports assets, liabilities, and the difference between them as net assets, not equity. A statement of revenues, expenses and changes in net assets replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

Under GASB No. 34, enterprise funds, such as the District, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The District has elected not to follow FASB standards.

D. Assets, Liabilities and Net Assets

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with an original maturity of three months or less to be a cash equivalent.

3. Investments

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Accounts Receivable

The District extends credit to customers in the normal course of operations and has recorded an allowance for doubtful accounts for those estimated uncollectable account balances.

5. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

6. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Wharves and docks – 3 to 40 years
- Land improvements – 3 to 40 years
- Buildings and buildings improvements – 3 to 30 years
- Equipment – 3 to 10 years

7. Restricted Assets

Restricted assets are cash and cash equivalents and investments whose use is limited by legal and debt covenant requirements such as debt payment, reserve balance maintenance and accrued interest on bonds.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Assets, continued

8. Deferred Charges

The deferred charges are related to the bond issuance costs that will be amortized over the remaining life of the respective debt service.

9. Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave (employee benefits). Liabilities for vacation leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination. Partial cash payment for accrued sick leave is available upon retirement or termination if certain criteria are met.

10. Net Assets

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- **Net Investment in Capital Assets** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted Net Assets** – This component of net assets consists of assets subject to external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets** – This component of net assets consists of net assets that do not meet the definition of *restricted* or *net investment in capital assets*.

11. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by outside parties.

12. Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(2) Cash and Investments

Cash and investments as of June 30, are classified in the accompanying financial statements as follows:

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 6,388,401	7,524,685
Restricted – cash and cash equivalents	6,158,441	1,361,742
Restricted – investments	<u>1,724,301</u>	<u>6,593,528</u>
Total cash and investments	<u>\$ 14,271,143</u>	<u>15,479,955</u>

Cash and investments as of June 30, consist of the following:

	<u>2011</u>	<u>2010</u>
Cash on hand	\$ 300	300
Deposits with financial institutions	1,405,293	2,933,079
Investments	<u>12,865,550</u>	<u>12,546,576</u>
Total cash and investments	<u>\$ 14,271,143</u>	<u>15,479,955</u>

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized in accordance with the California Government Code or the District's investment policy, where more restrictive. Additionally, certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk are discussed. This section also addresses investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
State and local agency bonds	5 years	None	None
U.S. treasury obligations	5 years	None	None
U.S. agency securities	5 years	None	None
Banker's acceptances	270 days	40%	30%
Prime commercial paper	180 days	30%	10%
Negotiable certificates of deposit	5 years	30%	None
Medium-term notes	5 years	30%	None
Mortgage pass-through securities	5 years	20%	None
Mutual funds	5 years	20%	10%
Money market mutual funds	5 years	20%	20%
Collateralized bank deposits	5 years	None	None
County pooled investment funds	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(2) Cash and Investments, continued

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District has deposits with various banks with various bank balances as of June 30, 2011 and 2010, respectively. Of the bank balances, up to \$250,000 per bank for specific accounts are federally insured and the remaining balance should be collateralized in accordance with the Code; however, the collateralizing securities are not held in the District's name.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(2) Cash and Investments, continued

Investments at June 30, 2011 consisted of the following:

Investment Type	Total	Remaining Maturity 12 Months Or Less
Local Agency Investment Fund (LAIF)	5,344,275	5,344,275
Held by bond trustee:		
Money market funds	5,796,974	5,796,974
Federal Home Loan Banks (FHLB)	1,724,301	1,724,301
Total	\$ 12,865,550	12,865,550

Investments at June 30, 2010 consisted of the following:

Investment Type	Total	Remaining Maturity 12 Months Or Less
Local Agency Investment Fund (LAIF)	5,037,764	5,037,764
Held by bond trustee:		
Money market funds	915,284	915,284
Federal Home Loan Banks (FHLB)	1,264,946	1,264,946
U.S. Treasury notes	5,328,582	5,328,582
Total	\$ 12,546,576	12,546,576

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(2) Cash and Investments, continued

Credit ratings of investments as of June 30, 2011, were as follows:

<u>Investment type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Exempt or Not Rated</u>	<u>Rating as of year-end AAA</u>
Local Agency Investment Fund (LAIF)	5,344,275	N/A	5,344,275	-
Held by bond trustee:				
Money market funds	5,796,974	N/A	5,796,974	-
Federal Home Loan Banks (FHLB)	<u>1,724,301</u>	N/A	<u>-</u>	<u>1,724,301</u>
Total	<u>\$ 12,865,550</u>		<u>11,141,249</u>	<u>1,724,301</u>

Credit ratings of investments as of June 30, 2010, were as follows:

<u>Investment type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Exempt or Not Rated</u>	<u>Rating as of year-end AAA</u>
Local Agency Investment Fund (LAIF)	5,037,764	N/A	5,037,764	-
Held by bond trustee:				
Money market funds	915,284	N/A	915,284	-
Federal Home Loan Banks (FHLB)	1,264,946	AAA	-	1,264,946
U.S. Treasury notes	<u>5,328,582</u>	N/A	<u>5,328,582</u>	<u>-</u>
Total	<u>\$ 12,546,576</u>		<u>11,281,630</u>	<u>1,264,946</u>

(3) Accounts Receivable – Harbor Operations, Net

The balance at June 30, consists of the following:

	<u>2011</u>	<u>2010</u>
Accounts receivable - harbor operations	\$ 954,485	1,094,836
Allowance for uncollectable accounts	<u>(25,000)</u>	<u>(25,000)</u>
Accounts receivable - harbor operations, net	<u>\$ 929,485</u>	<u>1,069,836</u>

(4) Restricted Assets

Assets were restricted for the following purposes:

	<u>2011</u>	<u>2010</u>
Revenue bonds reserve funds	\$ 3,616,211	3,620,558
Revenue bonds debt service funds	782,268	814,199
Revenue bonds construction funds	1,421,151	1,472,725
Revenue bonds principal funds	1,722,390	1,636,824
Navy joint-use construction funds	<u>341,261</u>	<u>412,923</u>
Total	<u>\$ 7,883,281</u>	<u>7,957,229</u>

Reconciliation of restricted assets to the statement of financial position:

Restricted assets – cash and cash equivalents	\$ 6,158,441	1,361,742
Restricted assets – accrued interest receivable	539	1,959
Restricted assets – investments	<u>1,724,301</u>	<u>6,593,528</u>
Total restricted assets	<u>\$ 7,883,281</u>	<u>7,957,229</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(5) Capital Assets

Changes in capital assets for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2011</u>
Non-depreciable assets:				
Land and easements	\$ 15,332,137	-	-	15,332,137
Construction-in-process	<u>1,172,888</u>	<u>1,277,151</u>	<u>(1,746,785)</u>	<u>703,254</u>
Total non-depreciable assets	<u>16,505,025</u>	<u>1,277,151</u>	<u>(1,746,785)</u>	<u>16,035,391</u>
Depreciable assets:				
Wharves and docks	26,596,196	511,406	(71,077)	27,036,525
Warehouses	25,534,231	-	(5,790)	25,528,441
Land improvements	24,539,644	143,202	(201,704)	24,481,142
Fuel tanks	1,055,322	-	-	1,055,322
Buildings	5,199,897	-	-	5,199,897
Building improvements	867,448	-	(6,697)	860,751
Vehicles and equipment	<u>837,605</u>	<u>(86)</u>	<u>(57,991)</u>	<u>779,528</u>
Total depreciable assets	<u>84,630,343</u>	<u>654,522</u>	<u>(343,259)</u>	<u>84,941,606</u>
Accumulated depreciation:				
Wharves and docks	(16,383,465)	(793,174)	71,077	(17,105,562)
Warehouses	(11,021,832)	(915,834)	5,790	(11,931,876)
Land improvements	(5,251,524)	(850,412)	201,704	(5,900,232)
Fuel tanks	(468,006)	(66,858)	-	(534,864)
Buildings	(1,036,958)	(195,586)	-	(1,232,544)
Building improvements	(514,133)	(51,446)	6,697	(558,882)
Vehicles and equipment	<u>(449,654)</u>	<u>(136,735)</u>	<u>57,991</u>	<u>(528,398)</u>
Total depreciation	<u>(35,125,572)</u>	<u>(3,010,045)</u>	<u>343,259</u>	<u>(37,792,358)</u>
Total depreciable assets, net	<u>49,504,771</u>	<u>(2,355,523)</u>	<u>-</u>	<u>47,149,248</u>
Total capital assets, net	<u>\$ 66,009,796</u>	<u>(1,078,372)</u>	<u>(1,746,785)</u>	<u>63,184,639</u>

Major capital asset additions during the year amounted to \$1,277,065 for various projects and equipment.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(5) Capital Assets, continued

Changes in capital assets for 2010 were as follows:

	<u>Balance 2009</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2010</u>
Non-depreciable assets:				
Land and easements	\$ 18,944,602	-	(3,612,465)	15,332,137
Construction-in-process	<u>6,402,669</u>	<u>944,176</u>	<u>(6,173,957)</u>	<u>1,172,888</u>
Total non-depreciable assets	<u>25,347,271</u>	<u>944,176</u>	<u>(9,786,422)</u>	<u>16,505,025</u>
Depreciable assets:				
Wharves and docks	26,472,365	128,137	(4,306)	26,596,196
Warehouses	25,534,231	-	-	25,534,231
Land improvements	22,226,274	5,604,699	(3,291,329)	24,539,644
Fuel tanks	1,055,322	-	-	1,055,322
Buildings	2,130,188	3,612,465	(542,756)	5,199,897
Building improvements	868,173	-	(725)	867,448
Vehicles and equipment	<u>1,067,314</u>	<u>39,220</u>	<u>(268,929)</u>	<u>837,605</u>
Total depreciable assets	<u>79,353,867</u>	<u>9,384,521</u>	<u>(4,108,045)</u>	<u>84,630,343</u>
Accumulated depreciation:				
Wharves and docks	(15,602,665)	(785,106)	4,306	(16,383,465)
Warehouses	(10,117,163)	(904,669)	-	(11,021,832)
Land improvements	(7,646,936)	(895,917)	3,291,329	(5,251,524)
Fuel tanks	(401,148)	(66,858)	-	(468,006)
Buildings	(1,344,270)	(235,444)	542,756	(1,036,958)
Building improvements	(463,406)	(51,452)	725	(514,133)
Vehicles and equipment	<u>(564,495)</u>	<u>(148,364)</u>	<u>263,205</u>	<u>(449,654)</u>
Total depreciation	<u>(36,140,083)</u>	<u>(3,087,810)</u>	<u>4,102,321</u>	<u>(35,125,572)</u>
Total depreciable assets, net	<u>43,213,784</u>	<u>6,296,711</u>	<u>(5,724)</u>	<u>49,504,771</u>
Total capital assets, net	<u>\$ 68,561,055</u>	<u>7,240,887</u>	<u>(9,792,146)</u>	<u>66,009,796</u>

Major capital asset additions during the year amounted to \$542,275 for various projects and equipment.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(5) Capital Assets, continued

Construction-In-Process

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-process balances at June 30 are as follows:

The balance at June 30, consist of the following projects:	<u>2009</u>	<u>2010</u>	<u>2011</u>
Maintenance dredging	\$ 5,193,185	-	-
Deep draft navigation	880,119	1,092,177	-
Security grant	324,354	-	686,352
Various minor projects	<u>5,011</u>	<u>80,711</u>	<u>16,902</u>
Total	<u>\$ 6,402,669</u>	<u>1,172,888</u>	<u>703,254</u>

(6) Membership in Ventura County Railway Company, LLC

The Ventura County Railway Company, LLC, (Railway) owns railway lines used for among other things transport of port customers' goods from the harbor facilities and their private facilities to the main line railway. In November 2003, the District acquired all outstanding memberships of the Railway for \$2,000,000. Under the equity method of accounting, the purchase of the total outstanding membership is carried at the cost of acquisition plus operational earnings. The District's total investment in the membership of the Ventura County Railway Company, LLC as of June 30, 2011 and 2010 amounted to \$3,370,774 and \$3,230,061, respectfully.

(7) World Trade Center License

The District purchased the local World Trade Center License (License) for \$51,000 and re-established the World Trade Center of Oxnard. The World Trade Center Association (WTCA) provides licensing and membership for World Trade Centers around the world. The WTCA is a not-for-profit, non-political association dedicated to the establishment and effective operation of World Trade Centers as instruments for trade expansion. The WTCA represents approximately 325 members in 100 countries. Each member is involved in the development or operation of World Trade Centers or in providing related services. These World Trade Centers service more than 750,000 international trading clients. WTCA members develop and maintain facilities to house the practitioners of trade and the services they need to conduct business, creating a central focal point for a region's trade services and activities, or a "one-stop shopping center" for international business. Therefore, the District has determined that its License has an indefinite life as long as international trade continues at the District.

(8) Deferred Charges, net

The balance consists of the following issuance costs,net:	<u>2011</u>	<u>2010</u>
Revenue bonds – Series 1999	\$ 154,533	179,410
Revenue bonds – Refunding Series 2000	30,945	53,064
Revenue bonds – Series 2004 A	103,721	122,161
Revenue bonds – Series 2004 B	<u>65,410</u>	<u>71,379</u>
Total	<u>\$ 354,609</u>	<u>426,014</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(9) Long-Term Debt

Changes in long-term debt amounts for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2011</u>
Long-term debt:				
Revenue bonds – Series 1999	\$ 10,820,000	-	-	10,820,000
Revenue bonds – Refunding Series 2000	6,605,000	-	(2,355,000)	4,250,000
Revenue bonds – Series 2004A	4,615,000	-	(940,000)	3,675,000
Revenue bonds – Series 2004B	6,800,000	-	-	6,800,000
Total long-term debt	\$ 28,840,000	-	(3,295,000)	25,545,000
Less current portion	1,605,000			-
Non-current portion	\$ 30,445,000			25,545,000

Changes in long-term debt amounts for 2010 were as follows:

	<u>Balance 2009</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Balance 2010</u>
Long-term debt:				
Revenue bonds – Series 1999	\$ 10,820,000	-	-	10,820,000
Revenue bonds – Refunding Series 2000	6,605,000	-	-	6,605,000
Revenue bonds – Series 2004A	4,615,000	-	-	4,615,000
Revenue bonds – Series 2004B	6,800,000	-	-	6,800,000
Total long-term debt	\$ 28,840,000	-	-	28,840,000
Less current portion	-			1,605,000
Non-current portion	\$ 28,840,000			30,445,000

Revenue Bonds

All of the revenue bond issues are secured by a lien on and pledge of net revenues of the District and contain certain covenants. One of the covenants requires the District to maintain a minimum debt service coverage ratio of 125%. The debt service coverage ratio is the ratio of net revenues (as defined in the bond trust agreement) to debt service payments. Net revenues as defined in the agreement were calculated as \$4,280,673 and \$4,653,135 for the years ended June 30, 2011 and 2010. The actual debt service coverage ratios were 134% and 286% for the years ended June 30, 2011 and 2010 (See page 45). The District is in compliance with its bond covenants for fiscal years 2011 and 2010; however, prior to June 30, 2011 the District estimated that it might not be in compliance with its bond covenants for fiscal year 2011, so the District initiated a defeasance of its fiscal year 2012 debt service principal payments below:

Defeasance of Fiscal Year 2012 Debt Service Principal Payments

Revenue Bonds – Refunding Series 2000

On June 10, 2011, the District executed an irrevocable deposit of funds into an escrow fund to defease the District's August 1, 2011 debt service principal payment of \$1,220,000 on the Revenue Bonds – Refunding Series 2000. As a result of such deposit, the above captioned Revenue Bonds – Refunding Series 2000, August 1, 2011 debt service principal payment is deemed to have been paid and defeased in accordance with the bond indenture.

Revenue Bonds – Series 2004A

On June 10, 2011, the District executed an irrevocable deposit of funds into an escrow fund to defease the District's August 1, 2011 debt service principal payment of \$470,000 on the Revenue Bonds – Series 2004A. As a result of such deposit, the above captioned Revenue Bonds – Series 2004A, August 1, 2011 debt service principal payment is deemed to have been paid and defeased in accordance with the bond indenture.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(9) Long-Term Debt, continued

Revenue Bonds – Series 1999

In 1999, the District issued \$10,820,000 in 20-year Revenue Bonds to provide funds for capital improvements for the District. The bonds and interest are payable from, and are secured by a charge and lien on, the net revenues of the District.

The bonds are scheduled to mature in fiscal year 2020. Interest is payable semi-annually on August 1st and February 1st each year at a rate of 5.60% while principal installments ranging from \$1,935,000 to \$2,405,000 will be payable in August, 2015 through August, 2019. Annual debt service requirements on the bonds are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	605,920	605,920
2013	-	605,920	605,920
2014	-	605,920	605,920
2015	-	605,920	605,920
2016	1,935,000	551,740	2,486,740
2017-2020	8,885,000	1,028,860	9,913,860
	<u>\$ 10,820,000</u>	<u>4,004,280</u>	<u>14,824,280</u>

Revenue Bonds – Refunding Series 2000

In 1999, the District issued \$11,180,000 Revenue Bonds, Refunding Series 1999 (Taxable) with interest rates of 6% to 7.6% to advance refund \$11,845,000 of outstanding Revenue Bonds, Series 1995 II, with an interest rate of 6.125%. The net proceeds of the refunding issue were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1995 Series II bonds. As a result, the 1995 Series II bonds are considered to be defeased and the liability for those bonds has been removed from the District's balance sheet.

In 2000, the District issued \$11,180,000 Revenue Bonds, Refunding Series 2000 (Tax-Exempt) with interest rates of 4.85% to 5.65%. This issuance created a mandatory redemption of the Revenue Bonds, Refunding Series 1999 (Taxable). The proceeds of the Refunding Series 2000 Bonds were used to refund the Refunding Series 1999 Bonds.

The bonds are scheduled to mature in fiscal year 2015. Interest is payable semi-annually on August 1st and February 1st each year at rates of 4.85% to 5.65% while principal installments ranging from \$785,000 to \$1,520,000 are payable August, 2005 through August, 2014. Annual debt service requirements on the remaining bonds are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	236,738	236,738
2013	1,315,000	200,575	1,515,575
2014	1,415,000	125,146	1,540,146
2015	1,520,000	42,940	1,562,940
	<u>\$ 4,250,000</u>	<u>605,399</u>	<u>4,855,399</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(9) Long-Term Debt, continued

Revenue Bonds – Series 2004A and 2004B

In 2004, the District issued \$13,720,000 in 20-year Revenue Bonds – \$6,920,000 Series 2004 A (AMT) and \$6,800,000 Series 2004 B (Non-AMT) – to provide funds for capital improvements for the District. The bonds and interest are payable from, and are secured by a charge and lien on, the net revenues of the District.

Series 2004A (AMT)

The bonds are scheduled to mature in fiscal year 2021. Interest is payable semi-annually on August 1st and February 1st each year at rates of 2.250% to 5.750% while principal installments ranging from \$375,000 to \$1,485,000 are payable August, 2005 through August, 2020.

Series 2004B (Non-AMT)

The bonds are scheduled to mature in fiscal year 2025. Interest is payable semi-annually on August 1st and February 1st beginning in fiscal year 2005 at a rate of 6.00%, while principal installments ranging from \$1,555,000 to \$1,845,000 will be payable in August, 2021 through August, 2024.

Annual debt service requirements on the bonds are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	610,440	610,440
2013	460,000	598,710	1,058,710
2014	455,000	575,378	1,030,378
2015	450,000	552,300	1,002,300
2016	145,000	536,656	681,656
2017-2021	2,165,000	2,506,181	4,671,181
2022-2025	<u>6,800,000</u>	<u>845,100</u>	<u>7,645,100</u>
\$	<u>10,475,000</u>	<u>6,224,765</u>	<u>16,699,765</u>

(10) Compensated Absences

Changes in compensated absences were as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 577,057	527,800
Additions	259,074	271,034
Payments to employees	<u>(259,731)</u>	<u>(221,777)</u>
Balance, end of year	576,400	577,057
Current portion	<u>(144,100)</u>	<u>(144,264)</u>
Long-term portion	<u>\$ 432,300</u>	<u>432,793</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(11) Net Assets Calculation

Calculation of net assets as of June 30, were as follows:	<u>2011</u>	<u>2010</u>
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 16,035,391	16,505,025
Depreciable capital assets, net	47,149,248	49,504,771
Revenue bonds payable – current	-	(1,605,000)
Revenue bonds payable – non-current	<u>(25,545,000)</u>	<u>(27,235,000)</u>
Total net investment in capital assets	<u>37,639,639</u>	<u>37,169,796</u>
Restricted net assets:		
Restricted – cash and cash equivalents	6,158,441	1,361,742
Restricted – accrued interest receivable	539	1,959
Restricted – investments	1,724,301	6,593,528
Accrued interest payable	<u>(597,919)</u>	<u>(678,437)</u>
Total restricted net assets	<u>7,285,362</u>	<u>7,278,792</u>
Restricted net assets are categorized as follows:		
Restricted for construction projects	1,762,412	1,885,648
Restricted for debt service	<u>5,522,950</u>	<u>5,393,144</u>
Total restricted net assets	<u>7,285,362</u>	<u>7,278,792</u>
Unrestricted net assets:		
Non-spendable net assets:		
Prepaid expenses and other assets	401,322	400,038
World Trade Center license	51,000	51,000
Membership-Ventura County Railway Co., LLC	3,370,774	3,230,061
Deferred charges, net	<u>354,609</u>	<u>426,014</u>
Total non-spendable net assets	<u>4,177,705</u>	<u>4,107,113</u>
Spendable net assets are designated as follows:		
Undesignated net assets reserve	<u>3,517,861</u>	<u>5,267,713</u>
Total spendable net assets	<u>3,517,861</u>	<u>5,267,713</u>
Total unrestricted net assets	<u>7,695,566</u>	<u>9,374,826</u>
Total net assets	<u>\$ 52,620,567</u>	<u>53,823,414</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(12) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by Nationwide Retirement Solutions at June 30, 2011 and 2010 was \$182,319 and \$249,423, respectively, and by CalPERS Salary Savings Program at June 30, 2011 and 2010 was \$1,880,102 and \$1,584,097, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

(13) Defined Benefit Pension Plan

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. Copies of CalPERS annual financial report may be obtained from their Executive Office: 400 P Street, Sacramento, CA, 95814.

Funding Policy

The contribution rate for plan members in the CalPERS 2.5% at 55 Risk Pool Retirement Plan is 8% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2011, 2010 and 2009 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2011, 2010 and 2009, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows

Three Years CalPERS Funding Information

<u>Fiscal Year</u>	<u>Pension Cost (APC)</u>	<u>of APC Contributed</u>	<u>Pension Obligation</u>	<u>Percentage of Payroll</u>
2008-2009	\$ 270,720	100%	-	12.262%
2009-2010	288,530	100%	-	12.275%
2010-2011	292,927	100%	-	12.514%

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(14) Post Employment Retirement Benefits

Other Post-Employment Benefits Obligations

In addition to the pension benefits described in Note 13, the District provides post-retirement health care, vision care, dental care and life insurance benefits, in accordance with the Board of Harbor Commissioners employee benefit resolutions, to all employees who retire from the District and meet the age and years of service requirements as specified in such resolutions. Retired Harbor Commissioners are subject to additional eligibility requirements as specified in Government Code Section 53201.

The District contributes a fixed amount for health care benefits, (ranging from 60% to 100% of the premium), 100% of the premium for the retiree and one dependent for vision and dental care, and 100% of the premium for the retiree for life insurance. The post-retirement vision care, dental care, and life insurance benefits became effective July 1, 1991. Currently, 21 retirees meet the eligibility requirements for the health care benefit, 13 retirees meet the eligibility requirements for vision and dental care and 11 retirees meet the eligibility requirements for life insurance. Expenditures for post employment retirement benefits are recognized on a monthly basis as premiums are paid. Expenditures of \$189,073 and \$164,674 were recognized for post-retirement health care, vision care, dental care, and life insurance benefits during the years ended June 30, 2011 and 2010, respectively.

Post-Employment Benefits Payable:

Plan Description – Eligibility

The District administers its post-employment benefits plan, a single-employer defined benefit plan. The following requirements must be satisfied in order to be eligible for lifetime post-employment medical benefits: (1) Attainment of age 50, and 5 years of full-time service, and (2) Retirement from CalPERS and from the District (the District must be the last employer prior to retirement). Former Harbor Commissioners must have served at least three 4-year terms (12 years) to qualify for medical benefits.

Lifetime dental and vision benefits are provided upon retirement after age 55 with at least 10 years of service. Retiree life insurance benefits are provided upon retirement after either (1) age 55 with at least 15-years of service, or (2) age 62 to 65 with at least 10-years of service. Former Harbor Commissioners must have served at least three 4-year terms (12 years) to qualify for lifetime dental, vision and life insurance benefits.

Membership in the OPEB plan consisted of the following members as of June 30:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Active plan members	28	28	32
Retirees and beneficiaries receiving benefits	21	21	20
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	<u>49</u>	<u>49</u>	<u>52</u>

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(14) Post Employment Retirement Benefits, continued

Post-Employment Benefits Payable, continued

Plan Description – Benefits

The District offers lifetime post-employment medical to employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Eligible retirees may enroll in any plan available through the CalPERS medical program. Each year the District establishes a maximum monthly premium that the District will pay for medical benefits; the maximum monthly premium that the District will pay for calendar year 2011 and 2010 is \$1,190 and \$1,190, respectively. Employees who retire with fewer than 10-years of service receive a pro rata share of the benefit allotment as follows:

<u>Years of Service</u>	<u>% of Maximum Benefit</u>
5 years	50%
6 years	60%
7 years	70%
8 years	80%
9 years	90%

Funding Policy

The District is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 30.1% of the annual covered payroll.

The District will pay 100% of the cost of the post-employment benefit plan. The District funds the plan on a pay-as-you-go basis and maintains reserves (and records a liability) for the difference between pay-as-you-go and the actuarially determined ARC cost.

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2011 and 2010, the District's ARC cost is \$734,461 and \$741,738, respectively. The District's net OPEB payable obligation amounted to \$2,160,425 and \$1,615,037 for the years ended June 30, 2011 and 2010, respectively. The District contributed \$189,073 and \$164,674 in age adjusted contributions for current retiree OPEB premiums for the years ended June 30, 2011 and 2010, respectively.

The balance at June 30, consists of the following:

	2011	2010	2009
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 774,582	790,138	736,204
Interest on net OPEB obligation	64,601	-	24,200
Adjustment to annual required contribution	(104,722)	(48,400)	-
Total annual OPEB expense	734,461	741,738	760,404
Change in net OPEB payable obligation:			
Age adjusted contributions made	(189,073)	(164,674)	(206,428)
Total change in net OPEB payable obligation	545,388	577,064	553,976
OPEB payable – beginning of year	1,615,037	1,037,973	483,997
OPEB payable – end of year	\$ 2,160,425	1,615,037	1,037,973

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(14) Post Employment Retirement Benefits, continued

Post-Employment Benefits Payable, continued

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2011 and the two preceding years were as follows:

<i>Three-Year History of Net OPEB Obligation</i>					
Fiscal Year Ended	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable	
2011	\$ 734,461	189,073	25.74%	\$ 2,160,425	
2010	741,738	164,674	22.20%	1,615,037	
2009	760,404	206,428	27.15%	1,037,973	

(15) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and terrorism. The District has purchased various commercial and marine insurance policies to manage the potential liabilities that may occur from the previously named sources. At June 30, 2011, the District held the following commercial and marine insurance policies:

- Property loss is paid at the replacement cost for scheduled property to a combined total of \$50 million per occurrence (with certain limits), subject to a \$100,000 deductible per occurrence except for \$5,000 per occurrence for transit, mobile equipment, valuable papers, personal property, and accounts receivable.
- Boiler and machinery coverage for the replacement cost up to \$50 million per occurrence, subject to a \$50,000 deductible.
- General and marine liability coverage up to \$1,000,000, per occurrence, and \$3,000,000, general aggregate, for any one policy period subject to a \$5,000 deductible.
- Liability coverage on District vehicles up to \$1,000,000, with deductibles of \$250/\$250 as elected; deductibles of \$250/\$250 apply to hired automobiles.
- Public officials' liability coverage up to \$10,000,000, each occurrence and in the aggregate, with a \$100,000 deductible, subject to the terms, conditions and exclusions as provided in the insurance policy.
- Excess port liability coverage up to \$150,000,000 per occurrence.
- Terrorism property coverage up to \$20,000,000 per occurrence and in aggregate subject to a \$100,000 deductible.
- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2011, 2010 and 2009, except for not renewing earthquake property coverage effective May 2010. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2011, 2010 and 2009.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(16) Related Party Transactions

The District, which is governed by a five-member Board of Harbor Commissioners elected at large from within the geographical boundaries of the District, derives its principal source of revenues from cargo activity under tariffs and contracts with Port customers. Two of the five current members of the Board of Harbor Commissioners are frequently employed by various stevedoring companies, which in turn contract with various customers of the District for labor services at the Port. For fiscal years ended June 30, 2011 and 2010, the amount of District revenues derived from these various customers and stevedoring companies was approximately \$8,725,112 and \$8,959,852, respectively.

(17) Commitments

Operating Leases Receivable

The District leases a portion of its land and facilities to others. The majority of these leases provide for cancellation on thirty days notice by either party and for retention of ownership by the District. These lease agreements generally are subject to periodic inflationary escalation of base amounts due to the District and adjustments for increases in terminal space. As of June 30, 2011, minimum lease rental payments receivable under operating leases that have initial or remaining non-cancelable lease terms in excess of one-year are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2012	\$ 617,133
2013	386,042
2014	<u>19,912</u>
Total	<u>\$ 1,023,087</u>

Long-Term Revenue Sharing Contracts with Customers

The District has contractual agreements with major customers which offer annual revenue sharing incentives based upon cargo activity. Some of these customers guarantee the District minimum revenue as defined.

Contracts with the City of Port Hueneme

Pursuant to an agreement dated October 20, 1983, the District compensates the City of Port Hueneme (City) for certain services provided by the City to the District. Compensation is based on approximately 3.33% of the District's gross operating revenues. Amounts allocated to the City for the fiscal years ended June 30, 2011 and 2010 totaled \$343,695 and \$347,397, respectively.

Additionally the District compensates the City under a separate agreement dated March 18, 1987 to mitigate the environmental impacts of the District's Wharf 2 project. Compensation is based on approximately 1.67% of the District's gross operating revenues and \$2.50 for each automobile convoyed on the City's streets. For the fiscal years ended June 30, 2011 and 2010, amounts allocated to the City under this agreement, excluding automobiles, totaled \$173,820 and \$167,256, respectively.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(17) Commitments, continued

Contracts with the City of Port Hueneme, continued

In December 1995, the District entered into a Memorandum of Understanding regarding the Naval Civil Engineering Laboratory (NCEL) property, with the City and the Port Hueneme Surplus Property Authority, concerning the acquisition and use of the NCEL property. This agreement required the District to remit to the City a payment of \$150,000 for use by the City in constructing traffic improvements necessary to serve the NCEL property, a premium of \$0.50 per vehicle above the rate specified in the 1987 Agreement between the District and the City for all automobiles in excess of 50,000 convoyed on City streets, and an annual amount, adjusted for changes in the consumer price index, ranging from \$30,000 to 3% of gross operating revenues. For the years ended June 30, 2011 and 2010, amounts allocated to the City under this agreement, excluding automobiles, totaled \$232,410 and \$200,304, respectively.

For the years ended June 30, 2011 and 2010, the amounts allocated to the City under the above 1987 and 1995 agreements for automobiles totaled \$249,961 and \$202,831, respectively.

Navy Joint Use Agreement

In 2002, the District entered into a fifteen-year agreement with the Navy that provides for joint use of the Navy's Wharf 3 and associated real property comprising up to 25 acres of the Naval Base Ventura County. The District has the ability to use this property for loading, unloading and the storage of vehicles and cargo in a manner consistent with Navy operations. As consideration for the District's use of Wharf 3 and associated real property, the District pays 39.5% of the tariff revenue attributable to District use to the Navy.

The Navy joint use agreement includes three five-year options to extend the term. As of June 30, 2011, the amount payable to the Navy for long-term maintenance of Wharf 3 and associated real property is \$427,096.

(18) Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Oxnard Harbor District
Notes to the Basic Financial Statements, continued
June 30, 2011 and 2010

(19) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2011, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 60

In November 2010, the GASB issued Statement No.60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No.61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 64

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. This standard is designed to improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or swap counterparty's credit support provider, is replaced. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

(20) Subsequent Events

Events occurring after June 30, 2011 have been evaluated for possible adjustment to the financial statements or disclosure as of August 31, 2011, which is the date the financial statements were available to be issued.

Debt Refunding

The District is in the process of refunding into one debt issue its total outstanding long-term debt as of June 30, 2011 of \$25,545,000. The refunding is expected to occur in December 2011.

Required Supplementary Information

Oxnard Harbor District
Schedule of Funding Status – Other Post Employment Benefits Obligation
For the Fiscal Years Ended June 30, 2011 and 2010

Funded Status and Funding Progress of the Plan

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	8,622,114	8,622,114	0.00%	\$ 2,463,568	349.98%
7/1/2007	\$ -	7,141,813	7,141,813	0.00%	\$ 2,506,464	284.94%

The most recent valuation (dated July 1, 2010) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$8,622,114. There are no plan assets because the District funds on a pay-as-you-go basis and maintains net assets equal to the remaining net post-employment benefits payable obligation. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2011 was \$2,463,568. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 349.98%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2010
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	15 Year smoothed market
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increase	3.25%
Inflation - discount rate	4.00%

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Supplemental Information

Oxnard Harbor District
Schedule of Operating Expenses
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Salaries and benefits:		
Commisioner salaries	\$ 36,000	36,000
Administrative salaries & wages	857,884	878,431
Maintenance wages	568,904	610,837
Operations salaries	716,347	699,816
Temporary employee salaries	10,885	1,107
Sick leave	78,242	100,549
Vacation	180,832	170,485
Payroll taxes	180,708	182,866
Workers' compensation	63,304	74,745
Insurance:		
Dental	34,751	36,131
HRA	18,216	12,312
Life	33,754	34,670
Medical	277,727	239,315
Vision	10,959	11,995
PERS Pension contributions – employeeer	292,927	288,530
PERS Pension contributions – employee	183,125	184,171
Post-employment benefits	734,461	741,738
Employee relations	8,832	6,950
Employee training and uniforms	4,971	6,482
Total salaries and benefits	<u>4,292,829</u>	<u>4,317,130</u>
Governmental contractual agreements:		
1983 Contract	343,695	347,397
1987 Contract	173,820	167,256
1995 Memorandum of understanding	232,409	200,304
Contracts – automobiles	249,961	202,831
City of Oxnard – proprty tax in-lieu fees	33,500	25,242
Ventura County Fire District	-	2,500
Ventura County LAFCO	10,078	11,042
Total governmental contractual agreements	<u>1,043,463</u>	<u>956,572</u>
Security:		
Guards and traffic control	208,021	208,940
Security plan and equipment	756	4,603
Total security	<u>\$ 208,777</u>	<u>213,543</u>

Continued on next page.

Oxnard Harbor District
Schedule of Operating Expenses
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Facilities and maintenance:		
Gas and oil	\$ 13,143	11,019
Repair and maintenance	52,525	43,285
Supplies	44,240	40,403
Supplies – computer	3,391	4,494
Computer access fees	2,758	2,657
Safety supplies	2,341	3,318
Miscellaneous	7,656	3,130
Utilities:		
Water and sewer	113,586	107,757
Electricity	187,450	170,366
Telephone	18,478	19,350
Natural gas	154	299
Trash disposal	14,064	36,637
Hazardous waste disposal	178	2,001
Equipment rental	3,202	1,910
Total facilities and maintenance	<u>463,166</u>	<u>446,626</u>
Professional and legal:		
Professional fees	225,136	224,390
Legal services	54,860	61,816
Total professional and legal	<u>279,996</u>	<u>286,206</u>
Materials and services:		
Business meeting expense	5,940	4,975
Publications and subscriptions	441	1,043
Publications - legal notices	117	115
Permits and licenses	2,759	2,110
Postage	3,580	4,184
Total materials and services	<u>12,837</u>	<u>12,427</u>
Port promotions:		
Advertising	27,040	12,211
Trade relations	67,057	62,347
Memberships and dues	69,514	71,368
Travel	28,511	16,180
Total port promotions	<u>192,122</u>	<u>162,106</u>
Insurance:		
General liability	75,953	116,540
Property	240,525	576,675
Other	30,756	5,150
Total insurance	<u>347,234</u>	<u>698,365</u>
Total operating expenses	<u>\$ 6,840,424</u>	<u>7,092,975</u>

Oxnard Harbor District
Schedule of Non-Operating Revenues and Expenses
For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Non-operating income:		
Finance charges	\$ 17,672	14,479
Insurance proceeds	4	571,172
Refunds	300	56,954
Total other income	17,976	642,605
Non-operating expense:		
Bank and trust fees	12,552	20,842
Election expense	21,097	4,219
Loss on sale/disposal of capital asset	-	5,724
Miscellaneous items	79,064	-
Total other expense	112,713	30,785
Total other income and expense, net	\$ (94,737)	611,820

Oxnard Harbor District
Schedule of Debt Service Net Revenues Coverage Ratio
For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Total revenues:		
Total operating revenues	\$ 10,487,862	10,408,242
Total non-operating revenues:		
Investment earnings	42,016	31,669
Change in membership in Ventura County Railway Co., LLC	140,713	151,288
Other revenue, net	(94,737)	611,820
Add back noncash items:		
Unrealized (gains) losses on investments, net	(145)	(33,973)
Total non-operating revenues adjusted for noncash items	<u>87,847</u>	<u>760,804</u>
Total revenues	<u>10,575,709</u>	<u>11,169,046</u>
Total expenses:		
Total operating expenses	6,840,424	7,092,975
Less noncash items:		
Other post-employment benefits noncash accrued liability increase	(545,388)	(577,064)
Total operating expenses adjusted for noncash items	<u>6,295,036</u>	<u>6,515,911</u>
Total non-operating expenses	2,714,197	1,711,126
Less debt service and noncash items:		
Interest expense – long-term debt	(1,550,615)	(1,628,250)
Amortization of deferred charges	(71,405)	(82,876)
Loss on discontinuance of deep draft navigation project	(1,092,177)	-
Total non-operating expenses adjusted for debt service and noncash items	<u>-</u>	<u>-</u>
Total expenses	<u>6,295,036</u>	<u>6,515,911</u>
Net revenues available for debt service	\$ <u>4,280,673</u>	<u>4,653,135</u>
Debt service for the fiscal year	\$ 3,190,904	1,628,250
Debt service net revenues coverage ratio	<u>134.15%</u>	<u>285.78%</u>

Statistical Information Section

**Oxnard Harbor District
Statistical Section**

The Statistical Section provides ten-year trends of detailed information as a context for understanding the financial statements, note disclosures, and the required supplementary information. The information is presented in these categories:

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	<u>Page No.</u>
<i>Financial Trends</i>	47-50
These schedules contain the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets trend information to help the reader understand how the District's financial performance has changed over time.	
<i>Debt Capacity</i>	51-52
This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt.	
<i>Operating Information</i>	53-58
These schedules present information to help the reader understand the District's customers, operations and activities.	
<i>Staffing Information</i>	59-60
These schedules offer demographic information to help the reader understand the staffing structure and other data within which the District's operates.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years. The District implemented GASB No. 34 in the fiscal year ended June 30, 2004.



OXNARD HARBOR DISTRICT

Port of Hueneme

Statement of Net Assets

Fiscal Years Ended June 30, 2002 through 2011

FISCAL YEAR ENDED:	2002	2003	2004	2005
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,397,257	\$ 1,085,723	\$ 765,795	\$ 8,917,956
Restricted - cash and cash equivalents	4,049,510	2,734,609	6,168,787	1,145,491
Accrued interest receivable	58,927	47,569	33,371	56,523
Restricted - accrued interest receivable	76,733	43,708	24,155	50,675
Accounts receivable- harbor operations, net	1,406,225	1,301,617	1,548,466	2,060,858
Grants receivable	-	-	-	-
Accounts receivable- other	-	-	-	-
Prepaid expenses and other assets	620,583	610,877	520,070	522,849
Total current assets	\$ 7,609,235	\$ 5,824,103	\$ 9,060,644	\$ 12,754,352
Non-current Assets:				
Investments	\$ 9,139,060	\$ 9,928,293	\$ 7,750,676	\$ 903,281
Restricted - investments	3,808,388	3,695,841	11,316,370	8,995,226
Deposit - City of Port Hueneme	216,018	171,738	127,458	105,311
World Trade Center license	-	51,000	51,000	51,000
Membership in Ventura County Railway Co., LLC	-	-	-	2,000,000
Deferred charges, net	761,453	679,821	978,663	878,103
Capital assets, not being depreciated	14,386,431	18,066,331	15,347,263	14,240,756
Depreciable capital assets, net	39,264,471	38,701,339	43,617,347	47,492,987
Total non-current assets	\$ 67,575,821	\$ 71,294,363	\$ 79,188,777	\$ 74,666,664
Total assets	\$ 75,185,056	\$ 77,118,466	\$ 88,249,421	\$ 87,421,016
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,604,557	\$ 3,319,766	\$ 2,690,681	\$ 368,661
Accounts payable construction contracts	-	-	-	114,521
Accrued revenue sharing payables	2,106,942	1,955,759	938,946	1,445,596
Accrued salaries and benefits (1)	-	-	-	119,484
Customer deposits and deferred revenue	74,914	83,641	67,142	64,599
Accrued interest payable	609,086	575,398	594,522	811,452
Contingent liability	-	-	-	120,000
Long-term liabilities- due within one year:				
Compensated absences (1)	-	-	-	229,865
Revenue bonds payable	1,155,000	1,240,000	1,330,000	1,160,000
Total current liabilities	\$ 5,550,499	\$ 7,174,564	\$ 5,621,291	\$ 4,434,178
Long-term liabilities- due in more than one year:				
Compensated absences (1)	\$ -	\$ -	\$ -	\$ -
Other post-employment benefits payable	-	-	-	25,000
Revenue bonds payable	24,518,080	23,309,772	35,719,995	34,560,000
Total non-current liabilities	\$ 24,518,080	\$ 23,309,772	\$ 35,719,995	\$ 34,585,000
Total liabilities	\$ 30,068,579	\$ 30,484,336	\$ 41,341,286	\$ 39,019,178
Net assets:				
Investment in capital assets, net of related debt	\$ 27,977,822	\$ 33,908,585	\$ 33,355,809	\$ 31,169,955
Restricted for construction projects and debt service	7,934,631	4,739,763	6,040,747	4,987,310
Unrestricted	9,204,024	7,985,782	7,511,579	12,244,573
Total net assets	\$ 45,116,477	\$ 46,634,130	\$ 46,908,135	\$ 48,401,838
Total liabilities and net assets	\$ 75,185,056	\$ 77,118,466	\$ 88,249,421	\$ 87,421,016

Source: OXNARD HARBOR DISTRICT - Accounting Department

(1) Fiscal Years 2002-2006 grouped certain liabilities differently.

(2) Fiscal Year 2007 forward, line item format changed regarding restricted assets.

OXNARD HARBOR DISTRICT

Port of Hueneme

Statement of Net Assets

Fiscal Years Ended June 30, 2002 through 2011



Continued.....

2006	2007	2008	2009	2010	2011
(2)					
\$ 9,127,619	\$ 9,558,027	\$ 8,503,174	\$ 3,903,178	\$ 7,673,824	\$ 6,388,401
1,080,847	3,588,822	2,471,959	1,817,090	1,361,742	6,158,441
113,291	157,877	96,214	19,533	7,117	7,871
69,100	81,793	54,467	54,836	1,959	539
1,737,085	1,616,640	1,571,370	1,080,349	1,069,836	929,485
-	-	-	471,387	209,865	177,156
-	-	146,600	86,087	98,727	553
640,375	762,489	760,662	746,497	400,038	401,322
\$ 12,768,317	\$ 15,765,648	\$ 13,604,446	\$ 8,178,957	\$ 10,823,108	\$ 14,063,768
\$ 3,381,128	\$ 4,168,142	\$ 1,919,690	\$ 848,625	\$ 1,058,337	\$ -
9,454,422	9,028,645	6,237,126	6,701,367	6,593,528	1,724,301
83,171	61,031	38,891	16,751	-	-
51,000	51,000	51,000	51,000	51,000	51,000
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	3,370,774
778,924	684,557	592,956	508,890	426,014	354,609
14,450,484	14,858,035	20,470,570	25,347,271	16,505,025	16,035,391
45,345,032	43,151,122	45,569,963	43,213,784	49,504,771	47,149,248
\$ 75,544,161	\$ 74,002,532	\$ 76,880,196	\$ 78,687,688	\$ 76,138,675	\$ 68,685,323
\$ 88,312,478	\$ 89,768,180	\$ 90,484,642	\$ 86,866,645	\$ 86,961,783	\$ 82,749,091
\$ 490,991	\$ 315,729	\$ 544,746	\$ 379,513	\$ 411,411	\$ 358,544
12,826	-	-	-	-	-
1,656,259	1,984,297	2,152,038	1,379,682	846,597	698,404
58,918	85,738	88,848	97,675	84,528	110,431
73,454	70,416	80,760	79,506	85,302	81,401
792,073	766,224	738,739	678,437	678,437	597,919
-	-	-	-	-	-
276,625	108,977	120,333	131,900	144,264	144,100
1,335,000	1,395,000	1,460,000	-	1,605,000	-
\$ 4,696,146	\$ 4,726,381	\$ 5,185,464	\$ 2,746,713	\$ 3,855,539	\$ 1,990,799
\$ -	\$ 326,930	\$ 360,995	\$ 395,900	\$ 432,793	\$ 432,300
25,000	25,000	483,997	1,037,973	1,615,037	2,160,425
33,225,000	31,830,000	30,370,000	28,840,000	27,235,000	25,545,000
\$ 33,250,000	\$ 32,181,930	\$ 31,214,992	\$ 30,273,873	\$ 29,282,830	\$ 28,137,725
\$ 37,946,146	\$ 36,908,311	\$ 36,400,456	\$ 33,020,586	\$ 33,138,369	\$ 30,128,524
\$ 30,567,905	\$ 25,468,714	\$ 34,803,489	\$ 39,721,055	\$ 37,169,796	\$ 37,639,639
5,246,005	11,933,036	8,024,813	7,894,856	7,278,792	7,285,362
14,552,422	15,458,119	11,255,884	6,230,148	9,374,826	7,695,566
\$ 50,366,332	\$ 52,859,869	\$ 54,084,186	\$ 53,846,059	\$ 53,823,414	\$ 52,620,567
\$ 88,312,478	\$ 89,768,180	\$ 90,484,642	\$ 86,866,645	\$ 86,961,783	\$ 82,749,091



OXNARD HARBOR DISTRICT

Port of Hueneme

Summary of Revenues, Expenses, and Change in Net Assets Fiscal Years Ended June 30, 2002 through 2011

FISCAL YEAR ENDED:	2002	2003	2004	2005
Operating Revenues:				
Auto Cargo	\$ 5,031,775	\$ 4,783,644	\$ 5,422,761	\$ 6,637,365
Fresh Produce Cargo	1,115,861	1,566,757	1,437,856	2,265,508
Offshore Oil	695,174	768,584	650,848	689,749
Property Management	1,152,906	1,289,809	1,001,109	1,020,787
Other	637,698	815,476	734,152	774,724
Total	\$ 8,633,414	\$ 9,224,270	\$ 9,246,726	\$ 11,388,133
Operating Expenses:				
Wages & Benefits (1)	\$ 2,420,766	\$ 2,683,413	\$ 3,038,224	\$ 3,258,690
Governmental Contractual Agreements	893,788	922,714	956,556	975,086
Security	105,255	126,086	110,930	113,450
Facilities and Maintenance	606,661	706,287	626,956	898,461
Professional and Legal	104,276	134,598	173,385	423,938
Materials and Services	77,135	114,960	113,491	99,231
Port Promotion	278,455	307,804	291,046	305,874
Insurance	379,422	504,379	466,604	434,220
Total	\$ 4,865,758	\$ 5,500,241	\$ 5,777,192	\$ 6,508,950
Operating Profit (Loss) before depreciation:	\$ 3,767,656	\$ 3,724,029	\$ 3,469,534	\$ 4,879,183
Depreciation Expense	\$ 2,007,672	\$ 1,995,849	\$ 2,174,964	\$ 2,217,297
Net Operating Profit (Loss)	\$ 1,759,984	\$ 1,728,180	\$ 1,294,570	\$ 2,661,886
Nonoperating Income (Expense) and Capital Contributions:				
Investment earnings	\$ 473,233	\$ 315,079	\$ 118,769	\$ 418,648
Interest expense – long-term debt	(1,515,114)	(1,375,983)	(1,193,129)	(1,734,013)
Amortization of deferred charges	(86,836)	(81,632)	(75,899)	(103,279)
Loss on discontinuance of deep draft navigation project	-	-	-	-
Other revenue, net	(34,877)	(13,491)	129,694	(12,432)
Net Contributed Capital/Grants (2)	-	945,500	-	262,893
Net Nonoperating Income (Expense) and Capital Contributions	\$ (1,163,594)	\$ (210,527)	\$ (1,020,565)	\$ (1,168,183)
Change in Net Assets	\$ 596,390	\$ 1,517,653	\$ 274,005	\$ 1,493,703
Investment in capital assets, net of related debt	\$ 27,977,822	\$ 33,908,585	\$ 33,355,809	\$ 31,169,955
Restricted for construction projects and debt service	7,934,631	4,739,763	6,040,747	4,987,310
Unrestricted	9,204,024	7,985,782	7,511,579	12,244,573
Net assets, end of year	\$ 45,116,477	\$ 46,634,130	\$ 46,908,135	\$ 48,401,838

(1) Wages & Benefits for Fiscal Years Beginning 2007 include accruals for Post Employment (OPEB) liabilities for active and retired employees per the GASB 45 implementation.

The dollar affect per year is as follows 2007 \$25,000 / 2008 \$458,997 / 2009 \$553,976 / 2010 \$577,064 / \$545,388

Total OPEB accrual to date: \$2,160,425

(2) Property received from Federal and State Grants and Other

(3) The FY 2009 Cargo Totals for 3 categories (Auto, Fruit, and Other) were corrected and restated during FY 2011

Source: OXNARD HARBOR DISTRICT - Accounting Department

OXNARD HARBOR DISTRICT

Port of Hueneme

Summary of Revenues, Expenses, and Change in Net Assets Fiscal Years Ended June 30, 2002 through 2011



Continued.....

	2006	2007	2008	2009 (3)	2010	2011
\$	7,197,719	\$ 6,667,719	\$ 6,524,468	\$ 4,141,894	\$ 5,067,786	\$ 5,553,797
	2,506,809	2,847,993	2,852,238	3,454,636	2,986,912	2,731,854
	671,861	660,867	611,043	688,031	716,410	616,907
	957,764	935,028	1,109,826	1,343,297	1,142,746	1,177,109
	575,049	565,922	540,318	387,474	494,388	408,195
\$	11,909,202	\$ 11,677,529	\$ 11,637,893	\$ 10,015,332	\$ 10,408,242	\$ 10,487,862
\$	3,535,436	\$ 3,805,813	\$ 4,108,050	\$ 4,292,580	\$ 4,317,130	\$ 4,292,829
	1,152,778	1,233,960	1,307,298	1,081,298	956,572	1,043,463
	110,854	123,953	128,153	209,259	213,543	208,777
	792,797	676,649	730,952	553,292	446,626	463,166
	499,690	268,206	273,097	316,492	286,206	279,996
	95,812	86,835	84,972	19,371	12,427	12,837
	369,693	355,907	310,561	280,374	162,106	192,122
	462,178	568,208	696,754	758,021	698,365	347,234
\$	7,019,238	\$ 7,119,531	\$ 7,639,837	\$ 7,510,687	\$ 7,092,975	\$ 6,840,424
\$	4,889,964	\$ 4,557,998	\$ 3,998,056	\$ 2,504,645	\$ 3,315,267	\$ 3,647,438
\$	2,463,964	\$ 2,475,816	\$ 2,632,521	\$ 2,701,143	\$ 3,087,810	\$ 3,010,045
\$	2,426,000	\$ 2,082,182	\$ 1,365,535	\$ (196,498)	\$ 227,457	\$ 637,393
\$	769,969	\$ 1,115,429	\$ 897,862	\$ 250,941	\$ 31,669	\$ 42,016
	(1,904,851)	(1,837,583)	(1,648,562)	(1,708,560)	(1,628,250)	(1,550,615)
	(98,577)	(94,367)	(91,601)	(84,066)	(82,876)	(71,405)
	-	-	-	-	-	(1,092,177)
	549,573	624,361	414,208	387,154	763,108	45,976
	222,380	603,515	286,875	1,112,902	666,247	785,965
\$	(461,506)	\$ 411,355	\$ (141,218)	\$ (41,629)	\$ (250,102)	\$ (1,840,240)
\$	1,964,494	\$ 2,493,537	\$ 1,224,317	\$ (238,127)	\$ (22,645)	\$ (1,202,847)
\$	30,567,905	\$ 25,468,714	\$ 34,803,489	\$ 39,721,055	\$ 37,169,796	\$ 37,639,639
	5,246,005	11,933,036	8,024,813	7,894,856	7,278,792	7,285,362
	14,552,422	15,458,119	11,255,884	6,230,148	9,374,826	7,695,566
\$	50,366,332	\$ 52,859,869	\$ 54,084,186	\$ 53,846,059	\$ 53,823,414	\$ 52,620,567



OXNARD HARBOR DISTRICT
Port of Hueneme
Revenue Bond Coverage
Fiscal Years Ended June 30, 2002 through 2011

FISCAL YEAR ENDED:	2002	2003	2004	2005
Gross Revenues (1)	\$ 9,175,592	\$ 9,539,349	\$ 9,495,189	\$ 11,908,435
Operating Expenses (2)	4,834,614	5,412,119	5,777,192	6,508,950
Net Revenue Available for Debt Service	\$ 4,340,978	\$ 4,127,230	\$ 3,717,997	\$ 5,399,485
<u>Debt Service Requirements: (3)</u>				
Principal	\$ 1,075,000	\$ 1,155,000	\$ 1,240,000	\$ 1,330,000
Interest	1,499,430	1,421,380	1,337,555	1,745,225
Totals:	\$ 2,574,430	\$ 2,576,380	\$ 2,577,555	\$ 3,075,225
Debt Ratio Coverage	168.62%	160.19%	144.25%	175.58%
Debt Covenant Requirement	125.00%	125.00%	125.00%	125.00%
OVER (UNDER)	43.62%	35.19%	19.25%	50.58%

NOTES:

- (1) Total revenues include interest but excludes the contributed capital and grant funds that were generated by donated property.
- (2) Total operating expenses exclusive of depreciation, opeb accrual and debt service interest expense.
- (3) Includes principal and interest of revenue bonds only.

Source: OXNARD HARBOR DISTRICT - Accounting and Maritime Operations Departments

All of the revenue bond issues are secured by a lien on and pledge of net revenues of the District and contain certain covenants. One of the covenants requires the District to maintain a minimum debt service coverage ratio of 125%. The debt service coverage ratio is the ratio of net revenues (as defined in the bond trust agreement) to debt service payments. Net revenues as defined in the agreement were calculated as \$4,280,673 and \$4,653,135 for the years ended June 30, 2011 and 2010. The actual debt service coverage ratios were 134% and 286% for the years ended June 30, 2011 and 2010 (See page 43). The District is in compliance with its bond covenants for fiscal year 2011; however, the District was not in compliance with its bond covenants (debt service net revenues coverage ratio) in fiscal year 2009, so the District initiated a defeasance of its fiscal year 2010 debt service principal payments.

OXNARD HARBOR DISTRICT

Port of Hueneme

Revenue Bond Coverage

Fiscal Years Ended June 30, 2002 through 2011



Continued.....

2006	2007	2008	2009	2010	2011
\$ 13,228,744	\$ 13,417,319	\$ 12,949,963	\$ 10,663,566	\$ 11,169,046	\$ 10,575,709
7,019,238	7,119,531	6,978,533	6,956,711	6,515,911	6,295,036
\$ 6,209,506	\$ 6,297,788	\$ 5,971,430	\$ 3,706,855	\$ 4,653,135	\$ 4,280,673
\$ 1,160,000	\$ 1,335,000	\$ 1,395,000	\$ 1,460,000	-	\$ 1,640,289
1,924,230	1,869,955	1,805,954	1,737,839	1,628,250	1,550,615
\$ 3,084,230	\$ 3,204,955	\$ 3,200,954	\$ 3,197,839	\$ 1,628,250	\$ 3,190,904
201.33%	196.50%	186.55%	115.92%	285.78%	134.15%
125.00%	125.00%	125.00%	125.00%	125.00%	125.00%
76.33%	71.50%	61.55%	-9.08%	160.78%	9.15%



OXNARD HARBOR DISTRICT

Port of Hueneme

LARGEST REVENUE CUSTOMERS (Net of Revenue Sharing)

Last Ten Fiscal Years

FISCAL YEAR ENDED:	2002	
<u>CUSTOMER</u>		
1 Wallenius Wilhelmsen Logistics, Inc.	\$ 1,526,481	16.5%
2 NYK Cool USA, Inc.	1,184,942	12.8%
3 Del Monte Fresh Produce W.A. Inc.	817,739	8.9%
4 BMW of North America, LLC	727,949	7.9%
5 Mitsubishi Motor Sales of America	708,818	7.7%
6 Marine Spill Response Corp.	366,246	4.0%
7 Carmichael International Services	319,527	3.5%
8 General Steamship Corp., LTD.	262,389	2.8%
9 YARA North America, Inc.	249,572	2.7%
10 Mazda Motor of America, Inc.	244,414	2.6%
Sub-total Top Ten	\$ 6,408,077	69.5%
All Other	2,225,337	30.5%
Total Revenue	\$ 8,633,414	100.0%

FISCAL YEAR ENDED:	2005	
<u>CUSTOMER</u>		
1 NYK Cool USA, Inc.	\$ 1,925,987	16.2%
2 Wallenius Wilhelmsen Logistics, Inc.	1,733,159	14.6%
3 BMW of North America, LLC	1,523,602	12.8%
4 Glovis America, Inc.	1,436,055	12.1%
5 Del Monte Fresh Produce W.A. Inc.	1,286,222	10.8%
6 Carmichael International Services	377,307	3.2%
7 YARA North America, Inc.	329,019	2.8%
8 General Steamship Corp., LTD.	298,720	2.5%
9 Mitsubishi Motor Sales of America	264,089	2.2%
10 Mazda Motor of America, Inc.	260,483	2.2%
Sub-total Top Ten	\$ 9,434,642	79.2%
All Other	1,953,491	20.8%
Total Revenue	\$ 11,388,133	100.0%

FISCAL YEAR ENDED:	2003	
<u>CUSTOMER</u>		
1 Wallenius Wilhelmsen Logistics, Inc.	\$ 1,347,788	14.1%
2 NYK Cool USA, Inc.	1,307,009	14.6%
3 BMW of North America, LLC	935,914	10.1%
4 Del Monte Fresh Produce W.A. Inc.	892,011	9.6%
5 Mitsubishi Motor Sales of America	851,092	9.2%
6 General Steamship Corp., LTD.	295,449	3.2%
7 Carmichael International Services	293,289	3.2%
8 YARA North America, Inc.	291,541	3.2%
9 Marine Terminal Corp (Ports America)	284,006	3.1%
10 SCE	273,776	3.0%
Sub-total Top Ten	\$ 6,771,875	73.2%
All Other	2,452,395	26.8%
Total Revenue	\$ 9,224,270	100.0%

FISCAL YEAR ENDED:	2006	
<u>CUSTOMER</u>		
1 NYK Cool USA, Inc.	\$ 2,045,291	17.5%
2 BMW of North America, LLC	1,750,041	15.0%
3 Wallenius Wilhelmsen Logistics, Inc.	1,737,861	14.9%
4 Del Monte Fresh Produce W.A. Inc.	1,418,947	12.2%
5 Glovis America, Inc.	679,535	5.8%
6 Carmichael International Services	558,805	4.8%
7 Global Auto Processing Services, Inc.	348,955	3.0%
8 YARA North America, Inc.	346,886	3.0%
9 Mazda Motor of America, Inc.	298,720	2.6%
10 General Steamship Corp., LTD.	285,347	2.4%
Sub-total Top Ten	\$ 9,470,388	81.1%
All Other	2,438,814	18.9%
Total Revenue	\$ 11,909,202	100.0%

FISCAL YEAR ENDED:	2004	
<u>CUSTOMER</u>		
1 Wallenius Wilhelmsen Logistics, Inc.	\$ 1,766,188	15.5%
2 NYK Cool USA, Inc.	1,266,250	11.1%
3 Del Monte Fresh Produce W.A. Inc.	923,179	8.1%
4 BMW of North America, LLC	903,373	7.9%
5 Glovis America, Inc.	579,044	5.1%
6 Carmichael International Services	400,828	3.5%
7 YARA North America, Inc.	322,863	2.8%
8 General Steamship Corp., LTD.	287,982	2.5%
9 Mitsubishi Motor Sales of America	262,636	2.3%
10 EXXON Co. USA	256,623	2.3%
Sub-total Top Ten	\$ 6,968,965	61.2%
All Other	2,277,761	38.8%
Total Revenue	\$ 9,246,726	100.0%

FISCAL YEAR ENDED:	2007	
<u>CUSTOMER</u>		
1 NYK Cool USA, Inc.	\$ 2,024,021	17.4%
2 BMW of North America, LLC	1,813,305	15.6%
3 Wallenius Wilhelmsen Logistics, Inc.	1,722,618	14.8%
4 Del Monte Fresh Produce W.A. Inc.	1,681,429	14.4%
5 Glovis America, Inc.	556,514	4.8%
6 Mitsubishi Motor Sales of America	425,509	3.7%
7 Carmichael International Services	397,850	3.4%
8 YARA North America, Inc.	336,073	2.9%
9 Pacific Vehicle Processors, Inc.	316,407	2.7%
10 General Steamship Corp., LTD.	300,413	2.6%
Sub-total Top Ten	\$ 9,574,139	82.3%
All Other	2,103,390	17.7%
Total Revenue	\$ 11,677,529	100.0%

Source: OXNARD HARBOR DISTRICT - Accounting Department

Some Customers were acquired or changed their names over the 10 Year period. The most current (2010) name was used in all ten years.

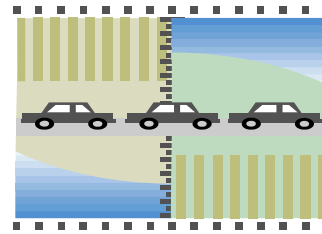
OXNARD HARBOR DISTRICT

Port of Hueneme

LARGEST REVENUE CUSTOMERS (Net of Revenue Sharing)

Last Ten Fiscal Years

Continued.....



FISCAL YEAR ENDED:		2008	
<u>CUSTOMER</u>			
1	BMW of North America, LLC	\$ 1,985,501	19.8%
2	NYK Cool USA, Inc.	1,699,977	17.0%
3	Del Monte Fresh Produce W.A. Inc.	1,689,527	16.9%
4	Wallenius Wilhelmsen Logistics, Inc.	1,458,474	14.6%
5	Global Auto Processing Services, Inc.	1,434,711	14.3%
6	Carmichael International Services	362,205	3.6%
7	YARA North America, Inc.	359,988	3.6%
8	Pacific Vehicle Processors, Inc.	309,901	3.1%
9	Mitsubishi Motor Sales of America	303,653	3.0%
10	General Steamship Corp., LTD.	301,583	3.0%
	Sub-total Top Ten	\$ 9,905,520	98.9%
	All Other	1,732,373	1.1%
	Total Revenue	\$ 11,637,893	100.0%

FISCAL YEAR ENDED:		2009	
<u>CUSTOMER</u>			
1	Del Monte Fresh Produce W.A. Inc.	\$ 2,114,257	20.3%
2	BMW of North America, LLC	1,557,140	15.0%
3	NYK Cool USA, Inc.	1,129,521	10.9%
4	Global Auto Processing Services, Inc.	1,088,942	10.5%
5	Wallenius Wilhelmsen Logistics, Inc.	1,073,381	10.3%
6	YARA North America, Inc.	352,026	3.4%
7	Pacific Vehicle Processors, Inc.	351,924	3.4%
8	EXXON Co. USA	312,261	3.0%
9	General Steamship Corp., LTD.	295,870	2.8%
10	DCOR, LLC	201,232	1.9%
	Sub-total Top Ten	\$ 8,476,554	81.4%
	All Other	1,538,778	18.6%
	Total Revenue	\$ 10,015,332	100.0%

FISCAL YEAR ENDED:		2010	
<u>CUSTOMER</u>			
1	Del Monte Fresh Produce W.A. Inc.	\$ 1,908,195	18.2%
2	Wallenius Wilhelmsen Logistics, Inc.	1,871,353	17.8%
3	Global Auto Processing Services, Inc.	1,711,578	16.3%
4	BMW of North America, LLC	1,484,855	14.2%
5	NYK Cool USA, Inc.	1,103,583	10.5%
6	YARA North America, Inc.	447,008	4.3%
7	EXXON Co. USA	302,297	2.9%
8	Marine Terminals Corp. (Ports America)	228,522	2.2%
9	Plains Exploration & Prod Co.	185,299	1.8%
10	American Civil Constructors	175,607	1.7%
	Sub-total Top Ten	\$ 9,418,297	89.8%
	All Other	989,945	10.2%
	Total Revenue	\$ 10,408,242	100.0%

FISCAL YEAR ENDED:		2011	
<u>CUSTOMER</u>			
1	Wallenius Wilhelmsen Logistics, Inc.	\$ 2,038,840	
2	BMW of North America, LLC	1,794,757	
3	Del Monte Fresh Produce W.A. Inc.	1,719,214	
4	Global Auto Processing Services, Inc.	1,692,634	
5	NYK Cool USA, Inc.	1,039,508	
6	YARA North America, Inc.	439,461	
7	EXXON Co. USA	315,930	
8	Marine Terminals Corp. (Ports America)	264,122	
9	Irwin Holdings Company	202,497	
10	Plains Exploration & Prod Co.	199,980	
	Sub-total Top Ten	\$ 9,706,943	
	All Other	780,919	
	Total Revenue	\$ 10,487,862	





OXNARD HARBOR DISTRICT
Port of Hueneme
TEN YEAR TREND - CARGO REVENUE TONS
 Fiscal Years Ended: June 30, 2002 through 2011

FISCAL YEAR ENDED:		2002	2003	2004	2005
COMMODITY TYPE:					
AUTOMOBILES	Imports	233,115	221,132	241,995	280,007
	Exports	1,987	1,413	1,071	1,114
OTHER VEHICLES	Imports/Exports	28,349	22,840	28,478	39,700
BANANAS	Imports	395,157	433,956	403,184	548,628
FRESH FRUIT	Imports	21,556	23,775	24,079	56,598
	Exports	95,372	120,732	97,173	88,236
WOOD PULP	Imports	39,200	35,700	-	-
GENERAL CARGO	Imports/Exports	57,058	56,315	58,026	69,009
FISH	Coastwise	23,660	14,178	21,368	24,614
OFFSHORE OIL CARGO	Coastwise	79,763	88,701	76,251	83,161
TOTAL		975,217	1,018,742	951,625	1,191,067
BULK LIQUID	Import	40,992	103,046	119,411	126,378
VESSEL FUEL	Coastwise	52,705	27,613	11,641	15,500
	TOTAL	93,697	130,659	131,052	141,878
GRAND TOTAL		1,068,914	1,149,401	1,082,677	1,332,945
PASSENGERS		7,010	12,162	9,870	13,076

NOTE : REVENUE TON EQUALS

METRIC TON = 1000 KGS. OR CUBIC METER

AUTO = ONE UNIT

OXNARD HARBOR DISTRICT

Port of Hueneme

TEN YEAR TREND - CARGO REVENUE TONS

Fiscal Years Ended: June 30, 2002 through 2011



Continued.....

2006	2007	2008	2009	2010	2011
298,090	253,011	228,936	136,145	153,862	181,042
1,437	1,064	3,381	9,851	31,431	19,488
47,018	37,622	38,626	28,841	20,362	34,334
581,727	648,114	609,429	602,567	640,477	603,703
75,378	103,216	87,233	75,094	105,518	85,034
80,889	24,844	5,797	10,035	4,379	4,429
-	-	-	-	-	-
82,225	93,159	81,563	84,166	71,444	100,343
10,529	19,223	14,908	11,311	30,010	23,587
73,778	65,112	56,845	66,994	72,466	49,939
1,251,071	1,245,364	1,126,719	1,025,004	1,129,950	1,101,899
132,174	123,042	128,312	86,630	115,938	108,777
16,425	14,027	13,768	9,321	10,520	10,008
148,599	137,070	142,081	95,951	126,458	118,785
1,399,670	1,382,433	1,268,799	1,120,955	1,256,408	1,220,684
15,798	18,151	17,883	13,532	7,037	6,659



OXNARD HARBOR DISTRICT
Port of Hueneme

Ten Year Trend in Tonnages for California Ports
Metric Revenue Tons
Fiscal Years Ended June 30, 2002 through 2011

FISCAL YEAR ENDED:	2002	2003	2004	2005
Commodities				
General Cargo	215,397,395	246,277,283	254,512,281	272,242,146
Dry Bulk	25,227,996	14,682,572	15,570,408	18,546,855
Liquid Bulk	45,655,552	44,393,218	44,992,942	47,399,571
Total Tonnage	286,280,943	305,353,073	315,075,631	338,188,572

TOTAL TONNAGE BY PORT

Hueneme	1,068,229	1,145,944	1,149,401	1,332,559
Humboldt	733,412	731,247	839,180	752,920
Long Beach	123,432,791	125,620,319	118,235,705	137,132,460
Los Angeles	131,600,000	147,541,000	162,068,000	162,109,000
Oakland	22,007,949	22,245,812	24,114,589	26,180,165
Redwood City	899,653	1,111,403	1,490,624	1,908,172
Richmond	242,780	83,263	101,588	156,372
West Sacramento	745,052	769,161	706,406	736,117
San Diego	2,088,392	2,185,215	2,540,912	2,761,206
San Francisco	1,622,457	2,058,970	1,978,914	2,213,502
Stockton	1,840,228	1,810,739	1,850,312	2,906,099
Total Tonnage	286,280,943	305,303,073	315,075,631	338,188,572

Source: California Association of Port Authorities

Note: These figures are for Member Ports of the California Association of Port Authorities. Data for each Port is 12 months data but at different times of the year, not necessarily June 30 of each year.

OXNARD HARBOR DISTRICT
Port of Hueneme

Ten Year Trend in Tonnages for California Ports
Metric Revenue Tons
Fiscal Years Ended June 30, 2002 through 2011
Continued.....



2006	2007	2008	2009	2010	2011
305,328,306	332,329,568	326,674,840	300,478,869	267,988,161	294,138,923
18,991,558	20,022,841	15,714,821	14,054,796	12,257,955	12,707,528
57,267,406	50,806,469	43,382,047	44,770,128	44,778,813	45,049,117
381,587,270	403,158,878	385,771,708	359,303,793	325,024,929	351,895,568
1,399,670	1,383,144	1,269,462	1,120,955	1,135,381	1,217,643
633,818	640,099	522,604	154,551	153,403	308,435
156,798,238	169,814,499	173,036,521	162,909,940	131,113,155	153,138,651
181,635,000	189,934,000	169,970,898	157,494,143	156,166,239	158,237,225
29,632,861	30,405,162	31,696,637	30,286,020	29,787,552	31,698,436
1,833,022	1,436,626	1,487,064	986,727	842,727	871,940
361,490	318,125	331,604	346,582	187,120	206,294
616,145	880,873	852,849	729,734	668,886	538,135
3,535,073	3,349,491	3,142,691	2,819,472	2,798,180	2,902,128
1,708,934	1,620,231	1,362,694	1,096,536	912,595	763,435
3,433,019	3,376,628	2,098,684	1,359,133	1,259,691	2,013,246
381,587,270	403,158,878	385,771,708	359,303,793	325,024,929	351,895,568

OXNARD HARBOR DISTRICT

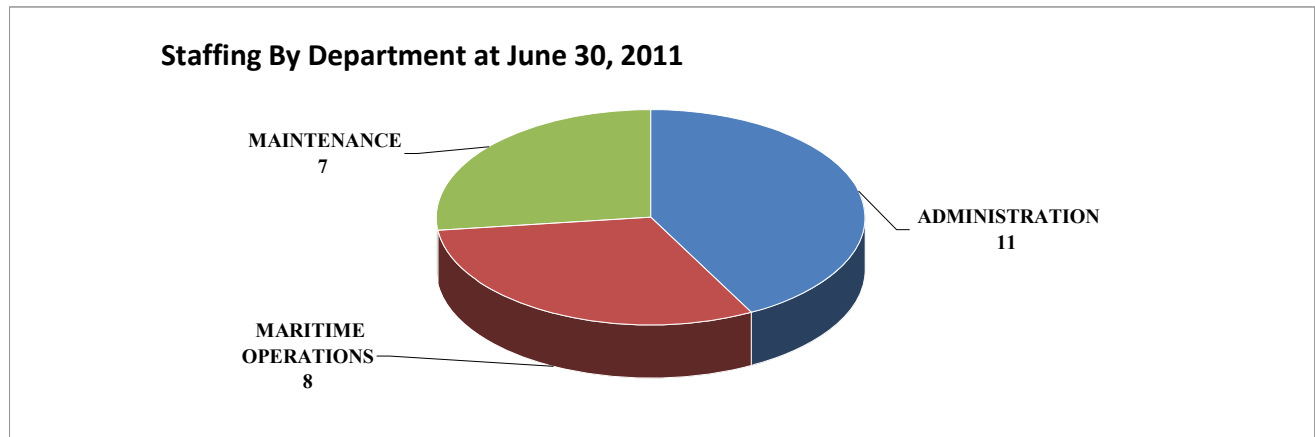
Port of Hueneme

Employee Statistics Last Ten Years



FISCAL YEAR ENDED:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administration	12	12	13	13	13	12	11	11	11	11
Operations	8	8	8	8	8	8	8	8	8	8
Maintenance	8	8	8	8	8	8	8	8	7	7
Total Labor Force	28	28	29	29	29	28	27	27	26	26

The Director of Operations and the Manager of Maintenance are counted in Administration for purposes of this report.



Number of Employees by City of Residence in Ventura County at June 30, 2011



Camarillo	4	Port Hueneme	4
Fillmore	0	Santa Paula	0
Moorpark	1	Simi Valley	0
Ojai	1	Thousand Oaks	0
Oxnard	13	Ventura	3
		Total Employees	26

Source: OXNARD HARBOR DISTRICT - Accounting Department



OXNARD HARBOR DISTRICT
Port of Hueneme

Demographic and Economic Statistics
Ventura County, California
Last Ten Fiscal Years



FISCAL YEAR ENDED:		2002	2003	2004	2005	2006	2007	2008	2009	2010	*2011
Population	(a)	779,702	792,731	802,421	809,159	814,853	820,470	827,191	835,298	823,318	828,383
Personal Income	(b) & (c) \$	26,677	\$ 27,860	\$ 30,047	\$ 32,167	\$ 35,029	\$ 37,400	\$ 36,400	\$ 33,800	\$ 32,267	-
Per Capita Personal Income	(b) & (d) \$	34,163	\$ 35,241	\$ 37,740	\$ 39,504	\$ 42,630	\$ 45,436	\$ 43,772	\$ 40,427	\$ 42,325	-
Unemployment Rate	(e)	5.8%	5.8%	5.3%	4.7%	4.3%	4.9%	6.3%	9.5%	10.6%	10.1%
Consumer Price Index, Cost of Living	(f)	1.7%	2.4%	4.0%	3.6%	5.2%	2.9%	5.4%	-2.2%	0.9%	-0.3%
Total State Population	(a)	35,063,959	35,652,700	36,199,342	36,676,931	37,087,005	37,463,609	37,871,509	38,255,508	38,648,090	37,510,766

* Some 2011 data not available at time of report.



VENTURA COUNTY'S TOP EMPLOYERS

Employers with 5,000 to 9,999 Employees		
Employer	Location	Industry
Amgen Inc.	Thousand Oaks	Biotechnology
Naval Air Warfare Center	Point Mugu	National Security
Naval Construction Battalion	Port Hueneme	National Security
Employers with 1,000 to 4,999 Employees		
Employer	Location	Industry
Anthem Blue Cross of California	Westlake Village	Healthcare
Baxter Healthcare	Westlake Village	Pharmaceutical
Boskovich Farms	Oxnard	Agriculture
Community Memorial Hospital	Ventura	Hospital
Farmers Insurance Group of Companies	Simi Valley	Insurance
Harbor Freight Tools	Camarillo	Hardware Stores
John R. Read III Law Offices	Ventura	Legal Services
JNB Industries LLC	Oxnard	Waste Management Services
Los Robles Hospital & Medical Center	Thousand Oaks	Hospital
Sheriff's Department & Jails	Ventura	Public Safety
St. John's Regional Medical Center	Oxnard	Hospital
Ventura County	Ventura	Government
Employers with 500 to 999 Employees		
Employer	Location	Industry
CSU Channel Islands	Camarillo	Education
Haas Automation	Oxnard	Machinery
Moorpark College	Moorpark	Education
Nancy Reagan Breast Center	Simi Valley	Diagnostic Imaging Center
Oxnard College	Oxnard	Education
Simi Valley Hospital	Simi Valley	Hospital
Ventura College	Ventura	Education
Zebra Technologies	Camarillo	Manufacturing

If you notice a discrepancy or wish to provide updated information, please contact us at sepcpublishing@earthlink.net.

Source: Amrisa's Labor Market Information System Employer Database, 2010 1st Edition

Sources:
(s) State of California, Department of Finance, Economic Research Unit by calendar year for 2001-2004
(b) State of California, Department of Finance, Economic Research Unit by calendar year for 2001-2004
(c) University of California, Santa Barbara Economic Forecasts 2005-2009
(d) County of Ventura Estimated amounts for 2005-2009.

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Report on Internal Controls and Compliance



Charles Z. Fedak, CPA, MBA
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Christopher J. Brown, CPA

Charles Z. Fedak & Company

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Harbor Commissioners
Oxnard Harbor District
Port Hueneme, California

We have audited the basic financial statements of the Oxnard Harbor District (District) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated August 31, 2011. We conducted our audits 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 audits, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Harbor Commissioners and the District's management and is not intended to be and should not be used by anyone other than these specified parties.

*Charles Z. Fedak & Co. CPAs
An Accountancy Corporation*

Charles Z. Fedak and Company, CPA's – An Accountancy Corporation
Cypress, California
August 31, 2011

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Oxnard Harbor District (the “District”), Union Bank, N.A., as Trustee (the “Trustee”) and Union Bank, N.A. as dissemination agent (the “Dissemination Agent”), in connection with the issuance and delivery by the District of its \$17,470,000 Refunding Revenue Bonds, Series 2011A Bonds (AMT) (the “Series 2011A Bonds”) and \$7,220,000 Refunding Revenue Bonds, Series 2011B Bonds (Non-AMT) (the “Series 2011B Bonds” and together with the Series 2011A Bonds, the “Bonds”). The Bonds are being issued pursuant to the terms of a Master Indenture, dated as of December 1, 2011, as supplemented by a First Supplemental Indenture, dated as of December 1, 2011 (collectively, the “Indenture”). The District, the Trustee and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District, the Trustee and the Dissemination Agent, for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (“S.E.C.”) Rule 15c2-12(b)(5).

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

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

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean, initially, Union Bank, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Holder” shall mean the person in whose name any Bond shall be registered.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement relating to the Bonds dated December 8, 2011.

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

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

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than March 31 following the end of the District’s fiscal year] (which currently ends on June 30), commencing with the report for the 2011-12 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the District) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) Financial Statements. Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California. If the District’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following:

The following tables from the Official Statement shall be updated for the most recently completed fiscal year:

- (1) Cargo Handled by Port by Commodity Category on page 19 of the Official Statement;
- (2) Deep Draft Vessel Calls at Port by Vessel Category on page 20;
- (3) Historical Operating Results on page 18; and
- (4) Top Ten Customers by Revenue on page 31.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB's website. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing

governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(d) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) 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. Format for Filings With MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be the District.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District 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 the provisions of Sections 3(a), 4, or 5(a) or (b), 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 an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District 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 required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If

the District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement; provided, that any such action may be instituted only in the Superior Court of the State of California in and for the County of Ventura or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent and the Trustee shall be entitled to the same protections, limitations from liability and indemnities hereunder as are afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Indenture, and the District agrees to indemnify and save the Dissemination Agent and the Trustee and their respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's respective negligence or willful misconduct. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to them hereunder. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and Trustee and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, 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 14. Notices. Notices to the Dissemination Agent and Trustee should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Trustee/Dissemination Agent: Union Bank, N.A.
Corporate Trust Services
120 S. San Pedro Street, Suite 400
Los Angeles, CA 90012
Attention: Corporate Trust Department

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: _____

UNION BANK, N.A.
as Dissemination Agent and Trustee

By: _____
Authorized Officer

OXNARD HARBOR DISTRICT

By: _____
Executive Director

EXHIBIT A
FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Oxnard Harbor District

Name of Bond Issue: Refunding Revenue Bonds, Series 2011A (AMT)
Refunding Revenue Bonds, Series 2011B (Non-AMT)

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Oxnard Harbor District (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Agreement, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

UNION BANK, N.A.,
as Dissemination Agent

cc: Oxnard Harbor District



FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272