

RESOLUTION NO. 12,737

RESOLUTION OF THE CITY COUNCIL OF CITY OF OXNARD
ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY) OF THE CITY OF
OXNARD, AUTHORIZING THE LEVY OF A SPECIAL TAX
THEREIN AND CALLING AN ELECTION

WHEREAS, the City Council of City of Oxnard (the "City Council") has heretofore adopted Resolution No. 12,715 stating its intention to form Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard (the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"); and

WHEREAS, a copy of Resolution No. 12,715 setting forth a description of the proposed boundaries of the District, the facilities to be financed by the District and the rate and method of apportionment of the special tax proposed to be levied within the District is on file with the Acting City Clerk and except to the extent amended by this resolution is incorporated herein by reference; and

WHEREAS, notice was published and mailed to all landowners of the land proposed to be included within the District as required by law relative to the intention of the City Council to form the proposed District and to levy a special tax and to incur bonded indebtedness in the amount of \$35,000,000 therein; and

WHEREAS, on November 23, 2004, this City Council held a noticed public hearing as required by law relative to the proposed formation of the District, the levy of the special tax therein and the issuance of bonded indebtedness by the District; and

WHEREAS, prior to the noticed public hearing there was filed with this City Council a report prepared by David Taussig & Associates containing a description of the Public Improvements necessary to meet the needs of the District and an estimate of the cost of such Public Improvements as required by Section 53321.5 of the Government Code (the "Report"); and

WHEREAS, at the public hearing all persons desiring to be heard on all matters pertaining to the formation of the District, the levy of the special tax and the issuance of bonded indebtedness were heard and a full and fair hearing was held; and

WHEREAS, at the public hearing evidence was presented to the City Council on the matters before it, and the proposed special tax to be levied within the District was not precluded by a majority protest of the type described in Government Code Section 53324, and this City Council at the conclusion of the hearing is fully advised as to all matters relating to the formation of the District, the levy of the special tax and the issuance of bonded indebtedness therein; and

WHEREAS, the City Council has determined that there have been fewer than twelve registered voters residing in the proposed boundaries of the District for the statutory period and that the qualified electors in the District are the landowners within the District; and

WHEREAS, on the basis of all of the foregoing, the City Council has determined at this time to proceed with the establishment of the District and to call an election therein to authorize (i) the levy of special taxes pursuant to the rate and method of apportionment of the special tax, as set forth in Attachment A attached hereto, (ii) the issuance of bonds to finance the acquisition or construction of the Public Improvements, and (iii) the establishment of an appropriations limit for the District;

NOW, THEREFORE, THE CITY COUNCIL OF CITY OF OXNARD DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Each of the above recitals is true and correct.

SECTION 2. A community facilities district to be designated "Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard" is hereby established pursuant to the Act. The City Council hereby finds and determines that all prior proceedings taken with respect to the establishment of the District were valid and in conformity with the requirements of law, including the Act. This finding is made in accordance with the provisions of Section 53325.1(b) of the Act.

SECTION 3. The boundaries of the District are established as shown on the map designated "Map of Proposed Boundaries of Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard", which map is on file in the office of the Acting City Clerk and was recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code in the County of Ventura Book of Maps of Assessment and Community Facilities Districts in the County Recorder's Office in Book No. 19, Page Nos. 6-7, recorded on October 26, 2004.

SECTION 4. The Public Improvements authorized to be provided for the District are the construction, purchase, modification, expansion, improvement or rehabilitation of waterways located within and without Community Facilities District No. 3 (Seabridge at Mandalay Bay), all or a portion of streets and roads, sanitary sewer facilities, water facilities, storm drain facilities, landscaping, public boat docks and parks, school facilities and all appurtenances and appurtenant work in connection with the foregoing including, without limitation, the cost of engineering, planning and designing the public facilities (the "Public Improvements") generally as shown on a map of Community Facilities District No. 3 (Seabridge at Mandalay Bay) on file in the office of the City Clerk. The proposed Public Improvements also include facilities included in City fee programs including the following: (i) sewer connection fees, (ii) sewer conveyance fees, (iii) water connection and meter fees, (iv) storm drain fees, (v) traffic impact fees, (vi) growth capital fees, (vii) trash fees and (viii) fire sprinkler fees. The incidental expenses to be paid from bond proceeds and/or special taxes (collectively, the "Incidental Expenses"), include: (a) all costs associated with the creation of the Community Facilities District No. 3 (Seabridge at Mandalay Bay), the issuance of the bonds, the determination of the amount of annual special taxes to be levied, the cost of levying and collecting the annual special taxes, costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District No. 3 (Seabridge at Mandalay Bay), including legal, consultants, engineering, planning and designing costs and the cost of the annual administration of Community Facilities District No. 3 (Seabridge at Mandalay Bay); and (b) the cost of forming a companion Mello-Roos Community Facilities District with boundaries coterminous with Community Facilities District No. 3 (Seabridge at Mandalay Bay) to be known as Community Facilities District No. 4 (Seabridge at Mandalay Bay)

SECTION 5. Except where funds are otherwise available, it is the intention of the City Council, subject to the approval of the eligible voters of the District, to levy the proposed special tax at the rates set forth in Attachment A hereto on all non-exempt property within the District sufficient to pay for (i) the Public Improvements, (ii) the principal and interest and other periodic costs on the bonds proposed to be issued to finance the Public Improvements, including the establishment and replenishment of reserve funds, any remarketing, credit enhancement and liquidity facility fees and other expenses of the type permitted by Section 53345.3 of the Act; and (iii) the costs of forming the District and administering the levy and collection of the special tax and all other administrative costs of the special tax levy and bond issues. The District expects to incur, and in certain cases has already incurred, incidental expenses in connection with the creation of the District, the issuance of bonds, *the levying and collecting of the special tax, the completion and inspection of the Public Improvements and the annual administration of the bonds and the District.* The rate and method of apportionment of the special tax is described in detail on Attachment A hereto and incorporated herein by this reference, and the City Council hereby finds that Attachment A contains sufficient detail to allow each landowner within the District to estimate the maximum amount that may be levied against each parcel. As described in greater detail in the Report, which is incorporated by reference herein, the special tax is based on the expected demand that each parcel of real property within the District will place on the Public Improvements and on the benefit that each parcel will derive from the right to access the Public Improvements and, accordingly, is hereby determined to be reasonable. The special tax shall be levied on each Assessor's Parcel for a period not to exceed forty years from the Fiscal Year 2004-2005. The special tax is apportioned to each parcel on the foregoing bases pursuant to Section 53325.3 of the Act and such special tax is not on or based upon the ownership of real property.

The Office of the Finance and Management Services Director of the City of Oxnard, 305 West Third Street, Oxnard, California 93030, telephone number (805) 385-7475, will be responsible for preparing annually, or authorizing a designee to prepare, a current roll of special tax levy obligations by assessor's parcel number and will be responsible for estimating future special tax levies pursuant to Section 53340.2 of the Act.

SECTION 6. In the event that a portion of the property within the District shall become for any reason exempt, wholly or partially, from the levy of the special tax specified on Attachment A, the City Council shall, on behalf of the District, increase the levy to the extent necessary and permitted by law and these proceedings upon the remaining property within the District which is not delinquent or exempt in order to yield the required debt service payments on any outstanding bonds of the District or to prevent the District from defaulting on any of its other obligations or liabilities. The amount of the special tax will be set in accordance with the rate and method of apportionment of the special tax attached hereto as Attachment A.

SECTION 7. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all non-exempt real property in the District and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the special tax by the District ceases.

SECTION 8. Consistent with Section 53325.6 of the Act, the City Council finds and determines that the land within the District, if any, devoted primarily to agricultural, timber or livestock uses and being used for the commercial production of agricultural, timber or livestock

products is contiguous to other land within the District and will be benefited by the Public Improvements proposed to be provided within the District.

SECTION 9. It is hereby further determined that there is no ad valorem property tax currently being levied on property within the District for the exclusive purpose of paying the principal of or interest on bonds or other indebtedness incurred to finance the construction of capital facilities which provide the same services to the territory of the District as are proposed to be provided by the Public Improvements to be financed by the District.

SECTION 10. The District is authorized by law to construct, own and operate the Public Improvements to be acquired and constructed for the District. The Oxnard School District is authorized by law to construct, own and operate the school facilities. The District is reasonably expected to have the responsibility for providing for Public Improvements to be financed by a larger share of the proceeds of special taxes and bonds of the District than the Oxnard School District.

SECTION 11. Written protests against the establishment of the District have not been filed by one-half or more registered voters within the boundaries of the District or by the property owners of one-half (1/2) or more of the area of land within the District. The City Council hereby finds that the proposed special tax has not been precluded by a majority protest pursuant to Section 53324 of the Act.

SECTION 12. An election is hereby called for the District on the propositions of levying the special tax on the property within the District and establishing an appropriations limit for the District pursuant to Section 53325.7 of the Act and shall be consolidated with the election on the proposition of incurring bonded indebtedness, pursuant to Section 53351 of the Act. The language of the proposition to be placed on the ballot is attached hereto as Attachment B.

SECTION 13. The date of the election for the District on the proposition of incurring the bonded indebtedness, authorizing the levy of the special tax and establishing an appropriations limit for the District shall be November 23, 2004. The Acting City Clerk shall conduct the election. Except as otherwise provided by the Act, the election shall be conducted by personally delivered or mailed ballot and, except as otherwise provided by the Act, the election shall be conducted in accordance with the provisions of law regulating elections of the City of Oxnard insofar as such provisions are determined by the Acting City Clerk to be applicable.

It is hereby found that there are not more than twelve registered voters within the territory of the District, and, pursuant to Section 53326 of the Government Code, the landowner who is the owner of record on the date hereof or the authorized representative thereof shall have one vote for each acre or portion thereof that he or she owns within the District. Pursuant to Section 53326 of the Government Code, the sole landowner within the District has submitted to the City Council a waiver of all time limits applicable to the election and the City Council directs the Acting City Clerk to conduct the election following the adoption of this resolution.

SECTION 14. The preparation of the Report is hereby ratified. The Report, as submitted, is hereby approved and is made a part of the record of the public hearing regarding the formation of the District, and is ordered to be kept on file with the transcript of these proceedings and open for public inspection.

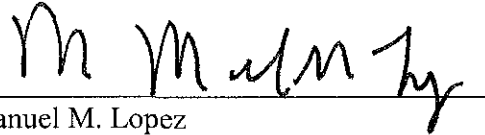
APPROVED AND ADOPTED this 23rd day of November, 2004 by the following vote:

AYES: Councilmembers Zaragoza, Herrera, Lopez, Maulhardt and Pinkard.

NOES: None.

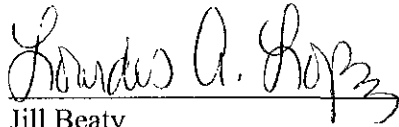
ABSENT: None.

ABSTAIN: None.



Dr. Manuel M. Lopez
Mayor of the City of Oxnard acting in its capacity as
the legislative body of Community Facilities District
No. 3 (Seabridge at Mandalay Bay) of the City of
Oxnard

ATTEST:

for 

Jill Beaty
Acting City Clerk of the City of Oxnard

(SEAL)

APPROVED AS TO FORM:



Gary Gillig, City Attorney

ATTACHMENT A
RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAXES

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**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY)
OF THE CITY OF OXNARD**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard ("CFD No. 3") and collected each Fiscal Year commencing in Fiscal Year 2004-2005, in an amount determined by the Council through the application of the appropriate Special Tax for "Developed Property," "Taxable Property Owner Association Property," "Taxable Public Property," and "Undeveloped Property" as described below. All of the real property in CFD No. 3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 3: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 3 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 3 or any designee thereof of complying with City, CFD No. 3 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 3 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 3 for any other administrative purposes of CFD No. 3, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 3 under the Act.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 3" means Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City.

"City" means the City of Oxnard.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 3.

"County" means the County of Ventura.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Property Owner Association Property, or Taxable Public Property, for which a building permit for new construction was issued as of January 1 of the previous Fiscal Year.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Class" means any of the classes listed in Table 1.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Floor Area" for any Non-Residential Property means the total square footage of the building(s) located on such property, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the

building but generally open on at least two sides. The determination of Non-Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) was issued for a non-residential use.

"Non-Waterfront Property" means all Assessor's Parcels of Single Family Detached Property that are not classified as Waterfront Property.

"Occupied Residential Property" means all Assessor's Parcels of Residential Property which have been sold to, or occupied by, the initial occupant.

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Indenture.

"Property Owner Association Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 3 that was owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association, as of January 1 of the previous Fiscal Year.

"Proportionately" means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property, Taxable Public Property, or Taxable Property Owner Association Property, as applicable.

"Public Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 3 that was owned by or irrevocably offered for dedication to the federal government, the State, the City or any other public agency as of January 1 of the previous Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use; or (ii) any property within the boundaries of CFD No. 3 that was encumbered, as of January 1 of the previous Fiscal Year, by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Residential Floor Area" for any Residential Property means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for each dwelling unit prior to it being classified as Occupied Residential Property.

"Single Family Attached Property" means all Assessor's Parcels of Residential Property for which building permits have been issued for attached residential units.

"Single Family Detached Property" means all Assessor's Parcels of Residential Property for which building permits have been issued for detached residential units.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 3 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of CFD No. 3 facilities eligible under the Act; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 3 which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section E below.

"Taxable Public Property" means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, or Taxable Public Property.

"Waterfront Property" means all Assessor's Parcels of Single Family Detached Property that, as determined by the CFD Administrator (i) are contiguous to open water or channels of water, or (ii) have a minimum distance to open water or channels of water of no more than 50 feet and are contiguous to parkway or open space parcels that are contiguous to open water or channels of water.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 3 shall be classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. Residential Property shall be assigned to Land Use Classes 1 through 10 based on the location, type of structure, and Residential Floor Area. Non-Residential Property shall be assigned to Land Use Class 11.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Assigned Special Tax for Fiscal Year 2004-2005 for each Land Use Class is shown below in Table 1.

TABLE 1
Assigned Special Taxes for Developed Property
For Fiscal Year 2004-2005
Community Facilities District No. 3

Land Use Class	Description	Waterfront / Non-Waterfront	Residential Floor Area	Assigned Special Tax
1	Single Family Detached Property	Waterfront	≥ 3,500 SF	\$4,778 per unit
2	Single Family Detached Property	Waterfront	3,100 – 3,499 SF	\$4,387 per unit
3	Single Family Detached Property	Waterfront	< 3,100 SF	\$4,118 per unit
4	Single Family Detached Property	Non-Waterfront	≥ 3,100 SF	\$4,090 per unit
5	Single Family Detached Property	Non-Waterfront	2,700 – 3,099 SF	\$3,570 per unit
6	Single Family Detached Property	Non-Waterfront	< 2,700 SF	\$3,257 per unit
7	Single Family Attached Property	NA	≥ 1,800 SF	\$2,552 per unit
8	Single Family Attached Property	NA	1,400 – 1,799 SF	\$2,059 per unit
9	Single Family Attached Property	NA	1,000 – 1,399 SF	\$1,759 per unit
10	Single Family Attached Property	NA	< 1,000 SF	\$1,483 per unit
11	Non-Residential Property	NA	NA	\$0.7276 per square foot of Non-Residential Floor Area

c. Backup Special Tax

The Fiscal Year 2004-2005 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$33,603 per Acre of the Assessor's Parcel.

d. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2005, the Assigned Special Tax and the Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

e. Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel shall be the sum of the Assigned Special Taxes for all Land

Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property

a. Maximum Special Tax

The Fiscal Year 2004-2005 Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be \$40,846 per Acre.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2005, the Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property, shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2004-2005 and for each following Fiscal Year, the Council shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property and Taxable Public Property at up to the Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 3.

E. EXEMPTIONS

No Special Tax shall be levied on up to 59.7 Acres of Public Property and 11.5 Acres of Property Owner Association Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property its tax-exempt status will be revoked.

Public Property or Property Owner Association Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property and/or Taxable Property Owner Association Property.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 3 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities" means either \$21,172,000 in 2004 dollars, which shall increase by the Construction Inflation Index on July 1, 2005, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 3 under the authorized bonding program for CFD No. 3, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

"Construction Fund" means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance public facilities costs.

"Outstanding Bonds" means all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all Bonds that have been issued by CFD No. 3 prior to the date of prepayment.

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor's Parcels of Developed Property or Undeveloped Property for which a building

permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
2. (a) Divide the Assigned Special Tax computed pursuant to paragraph 1 by the total estimated Assigned Special Taxes for the entire CFD No. 3 based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 3, excluding any Assessor's Parcels which have been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 1 by the total estimated Backup Special Taxes at buildout for the entire CFD No. 3, excluding any Assessor's Parcels which have been prepaid.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").

4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
5. Compute the current Future Facilities Costs.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 7 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 3, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 4, 6, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 4, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 3.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property within CFD No. 3 both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed forty years, commencing in Fiscal Year 2004-2005.

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ATTACHMENT B

BALLOT PROPOSITION

**COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY)
OF THE CITY OF OXNARD**

PROPOSITION A: Shall Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard (the "District") be authorized to incur an indebtedness and issue bonds in the maximum aggregate principal amount of \$35,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, the proceeds of which will be used to finance the construction, purchase, modification, expansion, improvement or rehabilitation of waterways located within and without Community Facilities District No. 3 (Seabridge at Mandalay Bay), all or a portion of streets and roads, sanitary sewer facilities, water facilities, storm drain facilities, landscaping, public boat docks and parks, school facilities and all appurtenances and appurtenant work in connection with the foregoing including, without limitation, the cost of engineering, planning and designing the public facilities (the "Public Improvements") generally as shown on a map of Community Facilities District No. 3 (Seabridge at Mandalay Bay) on file in the office of the Acting City Clerk. The proposed Public Improvements also include facilities included in City fee programs including the following: (i) sewer connection fees, (ii) sewer conveyance fees, (iii) water connection and meter fees, (iv) storm drain fees, (v) traffic impact fees, (vi) growth capital fees, (vii) trash fees and (viii) fire sprinkler fees. The incidental expenses to be paid from bond proceeds and/or special taxes (collectively, the "Incidental Expenses"), include: (a) all costs associated with the creation of the Community Facilities District No. 3 (Seabridge at Mandalay Bay), the issuance of the bonds, the determination of the amount of annual special taxes to be levied, the cost of levying and collecting the annual special taxes, costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District No. 3 (Seabridge at Mandalay Bay), including legal, consultants, engineering, planning and designing costs and the cost of the annual administration of Community Facilities District No. 3 (Seabridge at Mandalay Bay); and (b) the cost of forming a companion Mello-Roos Community Facilities District with boundaries coterminous with Community Facilities District No. 3 (Seabridge at Mandalay Bay) to be known as

YES _____

NO _____

Community Facilities District No. 4 (Seabridge at Mandalay Bay), as provided in Resolution No. 12,715 and Resolution No. 12,717 of the City Council of the City of Oxnard (collectively, the "Resolution of Intention"), and shall a special tax with a rate or rates and method of apportionment as provided in the Resolution of Intention be levied to pay for the Public Improvements, for the creation or replenishment of any necessary reserve funds, for any Incidental Expenses of the City of Oxnard, for any expenses associated with the Public Improvements, the Incidental Expenses or the bonds, and for the payment of the principal of and interest on such bonds?

PROPOSITION B: For each year commencing with Fiscal Year 2004/2005, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard, be an amount equal to \$35,000,000?

YES _____

NO _____

**CITY OF OXNARD
COMMUNITY FACILITIES DISTRICT
No. 3
(SEABRIDGE AT MANDALAY BAY)**

November 9, 2004

**COMMUNITY FACILITIES DISTRICT REPORT
MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

**CITY OF OXNARD
COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY)**

Prepared for

**CITY OF OXNARD
300 West 3rd Street
Oxnard, CA 93030**

Prepared by

**DAVID TAUSSIG & ASSOCIATES, INC.
1301 Dove Street, Suite 600
Newport Beach, CA 92660**

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EXHIBITS

Exhibit A	Rate and Method of Apportionment for CFD No. 3
Exhibit B	Assigned Special Tax Rates for Developed Property
Exhibit C	Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property
Exhibit D	Boundary Map

I. INTRODUCTION

WHEREAS, the City Council of the City of Oxnard (hereinafter referred to as the "City Council") did, pursuant to the provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (hereinafter referred to as the "Act"), and specifically Section 53321.5 thereof, expressly order the filing of a written "Report" with the legislative body of the proposed community facilities district. This community facilities district being Community Facilities District No. 3 (Seabridge at Mandalay Bay) shall hereinafter be referred to as:

"CFD No. 3"; and

WHEREAS, the Resolution of Intention of the City Council to Establish Community Facilities District No. 3 of the City of Oxnard, to Authorize the Levy of a Special Tax to Pay the Cost of Acquiring or Constructing Certain Facilities and Expenses of the District and to Pay Debt Service on Bonded Indebtedness did direct that said Report generally contain the following:

1. A brief description of the public facilities by type which will be required to adequately meet the needs of CFD No. 3; and
2. An estimate of the cost of providing those public facilities or incidental costs.

NOW, THEREFORE, David Taussig & Associates, Inc., as special tax consultant to the City of Oxnard for CFD No. 3, does hereby submit this Report.

II. PROJECT DESCRIPTION

CFD No. 3 encompasses approximately 135.3 gross acres of land in the City of Oxnard. Of this acreage, approximately 69.3 acres are expected to be developed into uses subject to a Mello-Roos special tax levy. At buildout, the property within CFD No. 3 will consist of approximately 708 single-family residential units and 161,000 square feet of non-residential space.

III. DESCRIPTION AND ESTIMATED COST OF PROPOSED FACILITIES

A. Description of Proposed Public Improvements

A community facilities district may provide for the purchase, construction, expansion or rehabilitation of any real or tangible property, including public facilities and infrastructure improvements, with an estimated useful life of five (5) years or longer, which is necessary to meet increased demands placed upon local agencies as a result of development or rehabilitation occurring within the community facilities district. In addition, a community facilities district may pay in full all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay for any indebtedness secured by any tax, fee, charge, or assessment levied within the area of the community facilities district.

The facilities described in this Report are all facilities which the legislative body creating CFD No. 3 is authorized, pursuant to an agreement meeting the requirements of Section 53316.2 of the Act or otherwise, to own, construct, or finance, and which are required, in part, to adequately meet the needs of CFD No. 3. The actual facilities described herein are those currently expected to be required to adequately meet, in part, the needs of CFD No. 3. Because the actual needs of CFD No. 3 arising as development progresses therein may differ from those currently anticipated, CFD No. 3 reserves the right to modify the actual facilities proposed herein to the extent CFD No. 3 deems necessary, in its sole discretion to meet those needs. The Special Taxes required to pay for the construction or financing of said facilities will be apportioned as described in the Rate and Method of Apportionment of the Special Tax within CFD No. 3.

B. Estimated Cost of Proposed Bond Financed Public Improvements

CFD No. 3 is authorized to finance the construction, purchase, modification, expansion, improvement or rehabilitation of waterways, streets and roads, sanitary sewer facilities, water facilities, storm drain facilities, landscaping, public boat docks and parks, school facilities and all appurtenances and appurtenant work in connection with the foregoing, including, without limitation, the cost of engineering, planning and designing the public improvements. In addition, CFD No. 3 is authorized to finance public facilities in the City fee programs, including the following: sewer connection fees, sewer conveyance fees, water connection and meter fees, storm drain fees, traffic impact fees, growth capital fees, trash fees and fire sprinkler fees. The facilities and the estimated costs herein are subject to review and confirmation. The costs listed in Table 1 below are estimates only, based upon current construction estimates, and actual costs may differ from those estimates herein.

TABLE 1

Description	Estimated Cost
Oxnard School District Mitigation Fees	\$15,472,929
City Fees	
Sewer Connection Fee	\$1,733,400
Sewer Conveyance Fee	\$655,425
Water Connection and Meter Fee	\$866,009
Storm Drain Fee	\$862,248
Traffic Impact Fee	\$1,174,034
Growth Capital Fee	\$1,290,441
Trash Fee	\$105,669
Fire Sprinkler Fee	\$276,120
Subtotal City Fees	\$6,963,346
City Facilities	
Wooley Road Improvements	\$1,807,820
Victoria Avenue Traffic Signals	\$488,750
Harbor Island Lane Improvement	\$1,043,392
Hemlock Street Improvement	\$152,895
Park Improvements	\$6,500,841
Channel Improvements	\$23,667,699
Subtotal City Facilities	\$33,661,396
Subtotal City Fees and Facilities	\$40,624,742
Total Fees and Facilities Amount [1]	\$56,097,671
[1] Totals may not sum due to rounding.	

Based on the maximum authorized bonded indebtedness of \$35,000,000, not all of the fees and facilities indicated in Table 1 will be funded by CFD No. 3.

IV. BONDED INDEBTEDNESS AND INCIDENTAL EXPENSES

A. Projected Bond Sales

The maximum authorized bonded indebtedness for CFD No. 3 is \$35,000,000. As of the date of this Report, it is anticipated that bonds for CFD No. 3 will be issued in the summer of 2005, and will have a term of 30 years.

B. Incidental Bond Issuance Expenses to be Included in the Proposed Bonded Indebtedness

Pursuant to Section 53345.3 of the Act, bonded indebtedness may include all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the proposed debt is to be incurred, including, but not limited to, the costs of administrative, legal, fiscal, and financial consultant fees; bond and other reserve funds; discount fees; interest on any bonds of the district due and payable within two years of the issuance of the bonds; election costs; and all costs of issuance of the bonds, including, but not limited to, fees for bond and disclosure counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs. For the bonds proposed to be issued by CFD No. 3, the reserve fund is estimated at approximately 10.00 percent of the principal amount of the bonds, and capitalized interest is estimated at approximately 8.17 percent. In addition, incidental bond issuance expenses are estimated at approximately 5.00 percent. Actual bond issue characteristics will vary from the above estimates based on market conditions and other factors.

C. Incidental Expenses to be Included in the Annual Levy of Special Taxes

Pursuant to Section 53340 of the Act, the proceeds of any special tax may only be used to pay, in whole or part, the cost of providing public facilities, services and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the cost of planning and designing public facilities to be financed pursuant to the Act, including the cost of environmental evaluations of those facilities; the costs associated with the creation of the community facilities district, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the community facilities district; any other expenses incidental to the acquisition, construction, completion, and inspection of the authorized work; and the retirement of existing bonded indebtedness. While the actual cost of administering CFD No. 3 may vary, it is anticipated that the amount of special taxes which can be collected will be sufficient to fund at least \$60,000 in annual administrative expenses, subject to escalation by two percent per year.

V. RATE AND METHOD OF APPORTIONMENT OF THE SPECIAL TAX

All of the property located within CFD No. 3, unless exempted by law or by the Rates and Methods of Apportionment for CFD 3, shall be taxed for the purpose of providing necessary facilities to serve CFD No. 3. Pursuant to Section 53325.3 of the Act, the tax imposed "is a special tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property." The Special Tax "may be based on benefit received by parcels of real property, the cost of making facilities or authorized services available to each parcel, or other reasonable basis as determined by the legislative body," although the Special Tax may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution.

As shown in Exhibit A, the Rate and Method of Apportionment provides information sufficient to allow each property owner within CFD No. 3 to estimate the maximum annual Special Tax he or she will be required to pay. Sections A through C, below, provide additional information on the Rate and Method of Apportionment of the Special Tax for CFD No. 3.

A. Explanation for Special Tax Apportionment

When a community facilities district is formed, a special tax may be levied on each parcel of taxable property within the CFD to pay for the construction, acquisition and rehabilitation of public facilities, to pay for authorized services or to repay bonded indebtedness or other related expenses incurred by the CFD. This special tax must be apportioned in a reasonable manner; however, the tax may not be apportioned on an ad valorem basis.

When more than one type of land use is present within a community facilities district, several criteria may be considered when apportioning the Special Tax. Generally, criteria based on building square footage, acreage, and land use are selected, and categories based on such criteria are established to differentiate between parcels of property. These categories are a direct result of the projected product mix, and are reflective of the proposed land use types within that community facilities district. Specific Special Tax levels are assigned to each land use class, with all parcels within a land use class assigned the same Special Tax rate.

The Act does not require that Special Taxes be apportioned to individual parcels based on benefit received. However, in order to insure fairness and equity, benefit principles have been incorporated in establishing the Special Tax¹ rates for CFD No. 3.

The major assumption inherent in the Special Tax rates set forth in the Rate and Method of Apportionment is that the level of benefit received from the proposed public improvements is a function of land use. More specifically, benefits from public infrastructure for

¹ All capitalized terms used herein, unless otherwise indicated, shall have the meanings defined in the Rate and Method of Apportionment CFD No. 3, as appropriate.

residential development tend to vary with home size, type, and location. Larger detached homes will generally receive greater benefit from the improvements proposed by CFD No. 3 than will smaller attached homes. In addition, homes that are located directly on the waterfront will receive greater benefit than homes that are further from the water.

Eleven Land Use Classes have been established for CFD No. 3. Residential Property will be assigned to Land Use Classes 1 through 10 based on the size and type of dwelling unit and whether or not the home is located on the waterfront. Non-Residential Property will be assigned to Land Use Class 11 and the special tax will be determined based on building square feet on the Assessor's Parcel.

Based on the types of public facilities that are proposed for CFD No. 3 and the factors described above, the Special Taxes assigned to specific land uses are generally proportionate to the relative benefits received by them, and, accordingly, the Special Taxes in CFD No. 3 can be considered fair and reasonable.

B. Assigned and Maximum Special Tax Rates

Exhibit B lists the Assigned Special Tax that may be levied against Developed Property within CFD No. 3. Exhibit C lists the Maximum Special Tax that may be levied against Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property within CFD No. 3. The Special Taxes on Developed Property cannot exceed the rates shown in Exhibit B, except when the Backup Special Tax is used as discussed in Section C below.

Each year the Special Tax shall be levied subject to the methodology and Maximum Special Taxes set forth in the Rate and Method of Apportionment for CFD No. 3, in an amount sufficient to meet the Special Tax Requirement.

C. Backup Special Tax

Pursuant to the Rate and Method of Apportionment for CFD No. 3, the Maximum Special Tax for Developed Property is the greater of (i) the Assigned Special Tax or (ii) the Backup Special Tax. The fiscal year 2004-05 Backup Special Tax for CFD No. 3 is equal to \$33,603 per acre. The Backup Special Tax will escalate at a rate of two percent (2%) each year.

If use of the Backup Special Tax should become necessary, the Maximum Special Tax rates for parcels classified as Developed Property will be increased above the Assigned Special Tax shown in Section V.B above until the Special Tax Requirement is met. However, under no circumstances will the Special Tax on an Assessor's Parcel of Developed Property in CFD No. 3 be increased to a level that exceeds the greater of the applicable Backup Special Tax or the applicable Assigned Special Tax.

D. Accuracy of Information

In order to establish the Special Taxes for CFD No. 3 as set forth in the Rate and Method of Apportionment, David Taussig & Associates, Inc. has relied on information including, but not limited to, absorption and net taxable acreage, which were provided to David Taussig & Associates, Inc. by others. David Taussig & Associates, Inc. has not independently verified such data and disclaims responsibility for the impact of inaccurate data provided by others, if any, on the Rate and Method of Apportionment for CFD 3, including the inability to meet the financial obligations of CFD No. 3.

VI. BOUNDARIES OF COMMUNITY FACILITIES DISTRICT

The boundaries of CFD No. 3 include all land on which the Special Taxes may be levied. A map of the area included within CFD No. 3 is provided as Exhibit D.

VII. GENERAL TERMS AND CONDITIONS

A. Substitution Facilities

The descriptions of the public facilities, as set forth herein, are general in their nature. The final nature, location, and costs of improvements and facilities will be determined upon the preparation of final plans and specifications. The final plans may show substitutes, in lieu or modifications to the proposed work in order to accomplish the work of improvement, and any such substitution shall not be a change or modification in the proceedings as long as the facilities provide a service substantially similar to that as set forth in this Report.

B. Appeals and Interpretations

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

C. Prepayment of Special Tax

The Special Tax applicable to an Assessor's Parcel of Developed Property and Undeveloped Property may be prepaid according to the prepayment provisions in the Rate and Method of Apportionment.

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EXHIBIT A

**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY)**

**RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY)
OF THE CITY OF OXNARD**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard ("CFD No. 3") and collected each Fiscal Year commencing in Fiscal Year 2004-2005, in an amount determined by the Council through the application of the appropriate Special Tax for "Developed Property," "Taxable Property Owner Association Property," "Taxable Public Property," and "Undeveloped Property" as described below. All of the real property in CFD No. 3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 3: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 3 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 3 or any designee thereof of complying with City, CFD No. 3 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 3 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 3 for any other administrative purposes of CFD No. 3, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"**Assessor's Parcel**" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"**Assessor's Parcel Map**" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"**Assigned Special Tax**" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

"**Backup Special Tax**" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"**Bonds**" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 3 under the Act.

"**CFD Administrator**" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"**CFD No. 3**" means Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City.

"**City**" means the City of Oxnard.

"**Council**" means the City Council of the City, acting as the legislative body of CFD No. 3.

"**County**" means the County of Ventura.

"**Developed Property**" means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Property Owner Association Property, or Taxable Public Property, for which a building permit for new construction was issued as of January 1 of the previous Fiscal Year.

"**Fiscal Year**" means the period starting July 1 and ending on the following June 30.

"**Indenture**" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"**Land Use Class**" means any of the classes listed in Table 1.

"**Maximum Special Tax**" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"**Non-Residential Floor Area**" for any Non-Residential Property means the total square footage of the building(s) located on such property, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the

building but generally open on at least two sides. The determination of Non-Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) was issued for a non-residential use.

"Non-Waterfront Property" means all Assessor's Parcels of Single Family Detached Property that are not classified as Waterfront Property.

"Occupied Residential Property" means all Assessor's Parcels of Residential Property which have been sold to, or occupied by, the initial occupant.

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Indenture.

"Property Owner Association Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 3 that was owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association, as of January 1 of the previous Fiscal Year.

"Proportionately" means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property, Taxable Public Property, or Taxable Property Owner Association Property, as applicable.

"Public Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 3 that was owned by or irrevocably offered for dedication to the federal government, the State, the City or any other public agency as of January 1 of the previous Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use; or (ii) any property within the boundaries of CFD No. 3 that was encumbered, as of January 1 of the previous Fiscal Year, by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Residential Floor Area" for any Residential Property means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for each dwelling unit prior to it being classified as Occupied Residential Property.

"Single Family Attached Property" means all Assessor's Parcels of Residential Property for which building permits have been issued for attached residential units.

"Single Family Detached Property" means all Assessor's Parcels of Residential Property for which building permits have been issued for detached residential units.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 3 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of CFD No. 3 facilities eligible under the Act; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 3 which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section E below.

"Taxable Public Property" means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, or Taxable Public Property.

"Waterfront Property" means all Assessor's Parcels of Single Family Detached Property that, as determined by the CFD Administrator (i) are contiguous to open water or channels of water, or (ii) have a minimum distance to open water or channels of water of no more than 50 feet and are contiguous to parkway or open space parcels that are contiguous to open water or channels of water.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 3 shall be classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property, or

Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. Residential Property shall be assigned to Land Use Classes 1 through 10 based on the location, type of structure, and Residential Floor Area. Non-Residential Property shall be assigned to Land Use Class 11.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Assigned Special Tax for Fiscal Year 2004-2005 for each Land Use Class is shown below in Table 1.

TABLE 1
Assigned Special Taxes for Developed Property
For Fiscal Year 2004-2005
Community Facilities District No. 3

Land Use Class	Description	Waterfront / Non-Waterfront	Residential Floor Area	Assigned Special Tax
1	Single Family Detached Property	Waterfront	≥ 3,500 SF	\$4,778 per unit
2	Single Family Detached Property	Waterfront	3,100 – 3,499 SF	\$4,387 per unit
3	Single Family Detached Property	Waterfront	< 3,100 SF	\$4,118 per unit
4	Single Family Detached Property	Non-Waterfront	≥ 3,100 SF	\$4,090 per unit
5	Single Family Detached Property	Non-Waterfront	2,700 – 3,099 SF	\$3,570 per unit
6	Single Family Detached Property	Non-Waterfront	< 2,700 SF	\$3,257 per unit
7	Single Family Attached Property	NA	≥ 1,800 SF	\$2,552 per unit
8	Single Family Attached Property	NA	1,400 – 1,799 SF	\$2,059 per unit
9	Single Family Attached Property	NA	1,000 – 1,399 SF	\$1,759 per unit
10	Single Family Attached Property	NA	< 1,000 SF	\$1,483 per unit
11	Non-Residential Property	NA	NA	\$0.7276 per square foot of Non-Residential Floor Area

c. Backup Special Tax

The Fiscal Year 2004-2005 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$33,603 per Acre of the Assessor's Parcel.

d. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2005, the Assigned Special Tax and the Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

e. Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. **Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property**

a. Maximum Special Tax

The Fiscal Year 2004-2005 Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be \$40,846 per Acre.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2005, the Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property, shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2004-2005 and for each following Fiscal Year, the Council shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of

Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property and Taxable Public Property at up to the Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 3.

E. EXEMPTIONS

No Special Tax shall be levied on up to 59.7 Acres of Public Property and 11.5 Acres of Property Owner Association Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property its tax-exempt status will be revoked.

Public Property or Property Owner Association Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property and/or Taxable Property Owner Association Property.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 3 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities" means either \$21,172,000 in 2004 dollars, which shall increase by the Construction Inflation Index on July 1, 2005, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 3 under the authorized bonding program for CFD No. 3, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

"Construction Fund" means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance public facilities costs.

"Outstanding Bonds" means all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all Bonds that have been issued by CFD No. 3 prior to the date of prepayment.

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
2. (a) Divide the Assigned Special Tax computed pursuant to paragraph 1 by the total estimated Assigned Special Taxes for the entire CFD No. 3 based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 3, excluding any Assessor's Parcels which have been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 1 by the total estimated Backup Special Taxes at buildout for the entire CFD No. 3, excluding any Assessor's Parcels which have been prepaid.

3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
5. Compute the current Future Facilities Costs.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 7 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 3, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the expected balance in the

capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 4, 6, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 4, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 3.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property within CFD No. 3 both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed forty years, commencing in Fiscal Year 2004-2005.

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EXHIBIT B

**CITY OF OXNARD
COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY)**

ASSIGNED SPECIAL TAX RATES FOR DEVELOPED PROPERTY

Land Use Class	Description	Waterfront / Non-Waterfront	Assigned Special Tax
1	Single Family Detached Property ($\geq 3,500$ SF)	Waterfront	\$4,778 per unit
2	Single Family Detached Property (3,100 – 3,499 SF)	Waterfront	\$4,387 per unit
3	Single Family Detached Property ($< 3,100$ SF)	Waterfront	\$4,118 per unit
4	Single Family Detached Property ($\geq 3,100$ SF)	Non-Waterfront	\$4,090 per unit
5	Single Family Detached Property (2,700 – 3,099 SF)	Non-Waterfront	\$3,570 per unit
6	Single Family Detached Property ($< 2,700$ SF)	Non-Waterfront	\$3,257 per unit
7	Single Family Attached Property ($\geq 1,800$ SF)	NA	\$2,552 per unit
8	Single Family Attached Property (1,400 – 1,799 SF)	NA	\$2,059 per unit
9	Single Family Attached Property (1,000 – 1,399 SF)	NA	\$1,759 per unit
10	Single Family Attached Property ($< 1,000$ SF)	NA	\$1,483 per unit
11	Non-Residential Property	NA	\$0.7276 per square foot of Non-Residential Floor Area

EXHIBIT C

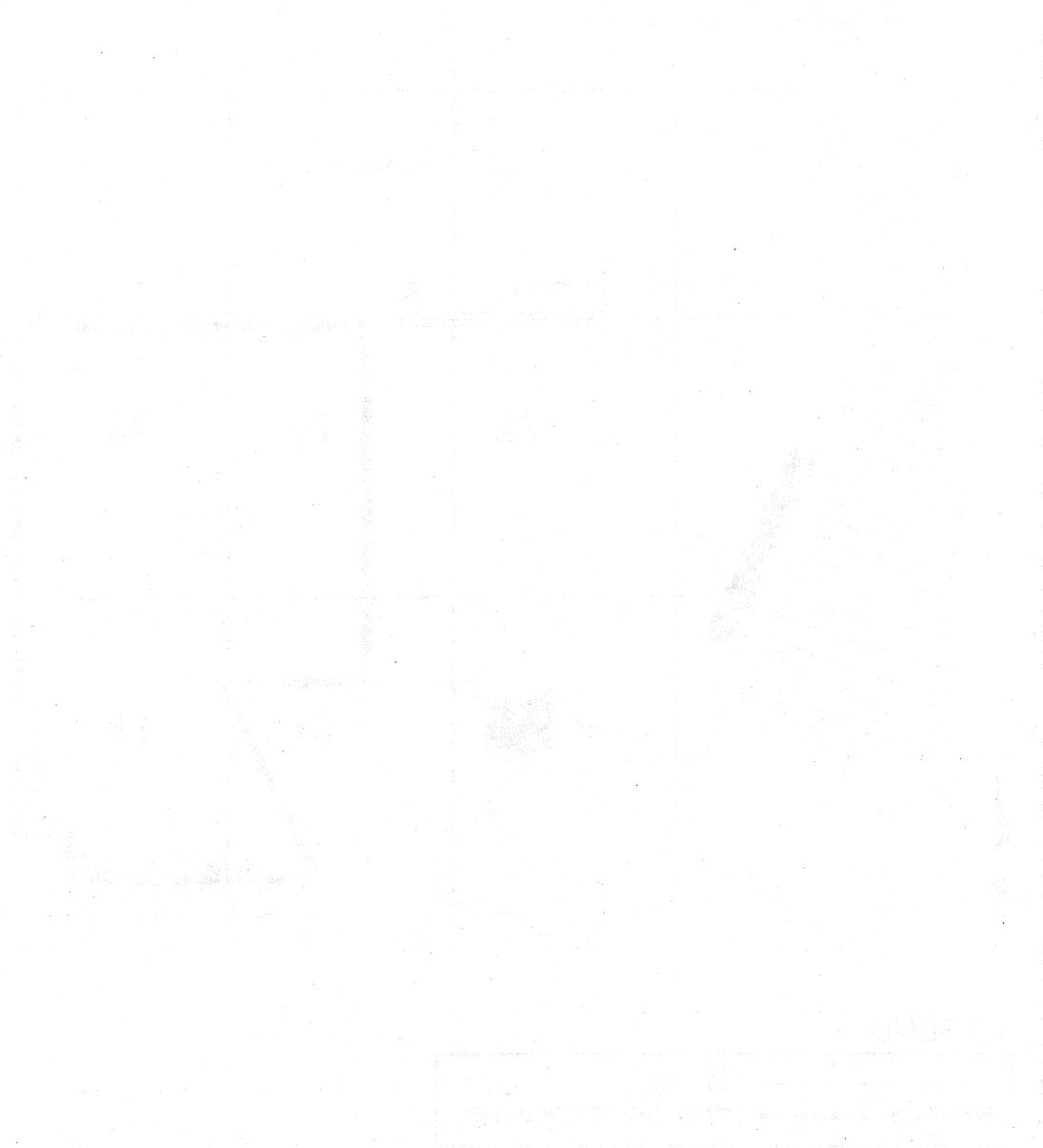
**CITY OF OXNARD
COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY)**

**MAXIMUM SPECIAL TAX FOR UNDEVELOPED PROPERTY, TAXABLE PROPERTY
OWNER ASSOCIATION PROPERTY, AND TAXABLE PUBLIC PROPERTY**

Description	Maximum Special Tax
Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property	\$40,846 per Acre

EXHIBIT D

BOUNDARY MAP



PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY)
OF THE CITY OF OXNARD
VENTURA COUNTY
STATE OF CALIFORNIA

(1) Filed in the office of the City Clerk of the City Council
this ____ day of _____, 2____

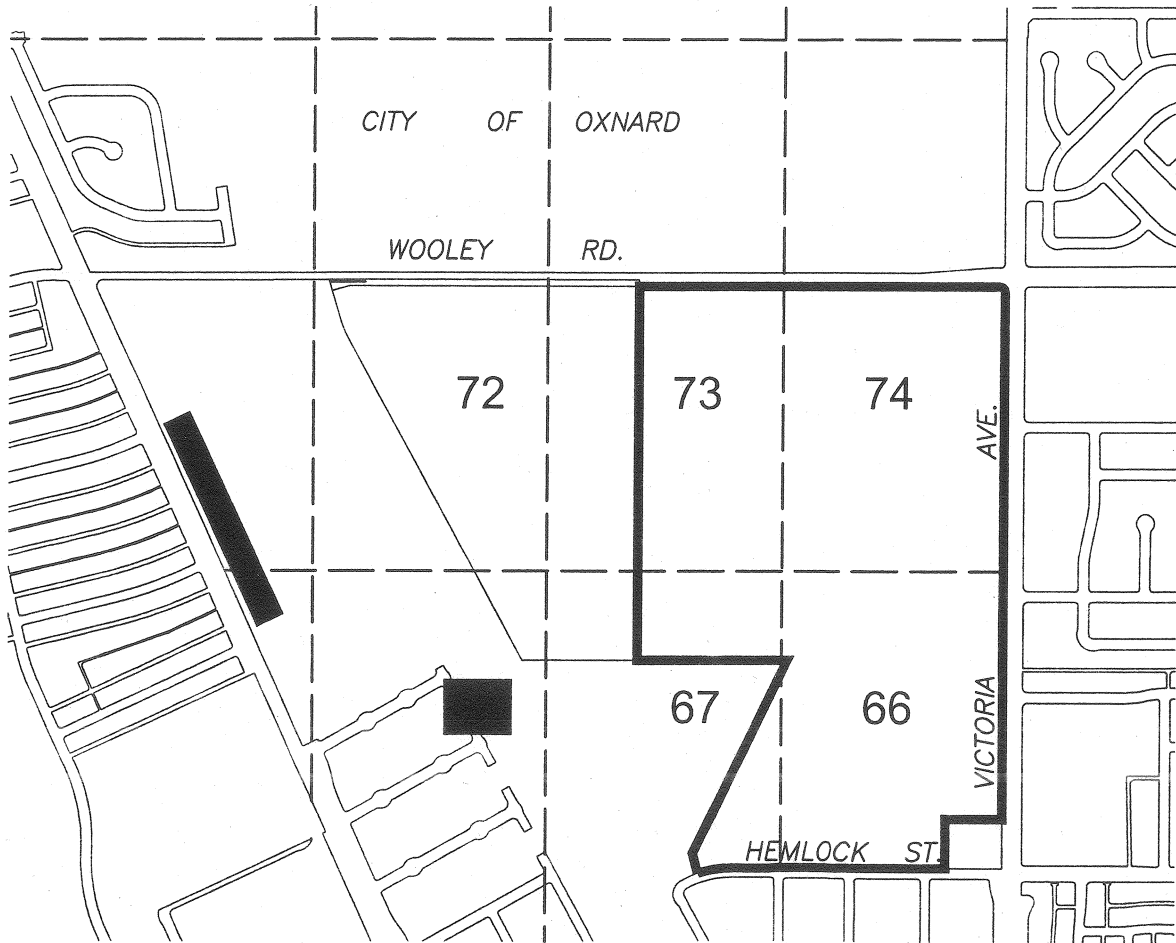
Jill A. Beaty
Acting City Clerk of the City Council

(2) I hereby certify that the within map showing the
proposed boundaries of Community Facilities
District No. 3 of the City of Oxnard, Ventura County,
State of California, was approved by the City
Council at a regular meeting thereof, held on
this ____ day of _____, 2____ by
its Resolution No. _____.

Jill A. Beaty
Acting City Clerk of the City Council

(3) Filed this ____ day of _____, 2____ at
the hour of ____ o'clock __m, in Book ____
of Maps of Assessment and Community Facilities Districts
at page ____ and as Instrument No. _____, in
the office of the County Recorder of Ventura County,
State of California.

Philip J. Schmit, County Recorder of Ventura County
by _____



LEGEND

	LOT LINE
	PROPOSED C.F.D. BOUNDARY

PREPARED BY:
JENSEN DESIGN & SURVEY INC.

PROPOSED BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY)
OF THE CITY OF OXNARD
VENTURA COUNTY
STATE OF CALIFORNIA

VENTURA COUNTY ASSESSOR PARCEL NUMBERS
INCLUDED WITHIN PROPOSED C.F.D. BOUNDARY

188-0-110-145
188-0-110-495
188-0-110-505

Reference is hereby made to the assessor maps
of the County of Ventura for an exact description
of the lines and dimensions of each lot and
parcel.

PREPARED BY:
JENSEN DESIGN & SURVEY INC.