



July 23, 2008

Don Cody, Foreman
Ventura County Grand Jury
800 S. Victoria Ave., L#3751
Ventura, CA 93009

To the Grand Jury:

The Ventura Port District is responding to the Ventura County 2007 – 2008 Grand Jury Final Report: Ventura Port District Financial Viability Review.

The Ventura Port District is pleased that the Grand Jury concluded that:

- The District's financial position should be improved by the end of FY 2007-2008 and the improvement trend will continue into the near future, albeit only marginally, providing federal dredging and breakwater appropriations continue and the economy remains fairly stable;
- That development of vacant District Parcels 15, 16, and 18, as well as other facility modernization and expansion capital projects, are key components in the long term financial viability of the District.

We completely agree with these conclusions.

Response to Findings

Findings F-1 to F-29: The District agrees with the findings of the Grand Jury

Response to Recommendations

R-01: *The Grand Jury recommends that the District revisit re-funding its existing COP debt issue in view of its continuing improved financial position.*

This recommendation has been **implemented**. The Board of Port Commissioners took action at its May 28, 2008 Board Meeting to refinance a portion of the 1998 Certificates of Participation (COPs) through City National Bank at an aggressive interest rate to the District on a "Bank Qualified" transaction. On June 16, 2008 the Private Placement Agreement for \$10,000,000 was signed and on June 17, 2008 the escrow securities were subscribed to and the transaction was finalized.

The arbitrage yield on the refunding is 4.43% vs. 6.375% on the 1998 COPs. The fiscal annual savings, net of the existing reserve fund and interest earnings thereon are \$120,996 and the total savings are \$2,227,561. The net present value savings are \$1,509,319 or 13.97%. The 2008 Refunding will have a final maturity date of August 1, 2027, one year shorter than the 1998 COPs. This refunding leaves a balance of \$2,565,000 outstanding in the 1998 COP Series which may be refunded in the future under favorable market conditions.

Ventura Port District

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R-02: *The Grand Jury recommends that both the City and the District take advantage of every opportunity to facilitate port economic development, particularly the development of District Parcels 15, 16, and 18, and the upgrading/improvement of older District properties.*

Economic Development

The District wholeheartedly supports this recommendation and will continue to focus its efforts to improve economic development throughout the harbor; particularly the development of Parcels 15, 16 & 18. As the Applicant for a Local Coastal Program Amendment (LCPA) for Parcels 15,16 & 18, the City submitted an application to the Coastal Commission for the Sondermann Ring Partners (SRP) Project in March 2008. Since that time, the Coastal Commission staff has requested additional information about the project, so the application was deemed incomplete.

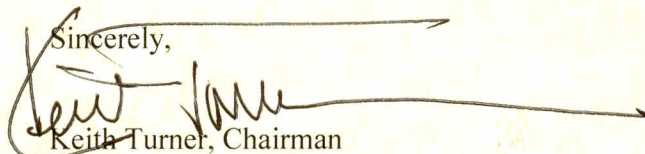
On June 23, 2008, the City provided the information requested by the Coastal Commission staff. On July 8, 2008 the City was advised that the proposed LCPA was deemed complete; however, the project has not been scheduled for a hearing date at this time. Instead, the Coastal Commission staff will go before the Commission at the September 2008 hearing to request a time extension to process the LCPA. The District is disappointed with this potential delay, but will continue working with SRP and the City to continue to move this process forward.

Upgrading District Property

Over the last few years, the District has been involved with Capital Improvement Projects to improve its infra-structure throughout the harbor. In 2007/2008 fiscal year, the District expended \$609,000 on building, dredging, and dock improvement projects and has allocated \$3,879,000 for building, dredging, dock & launch ramp improvements for the 2008/2009 fiscal year.

The Board of Port Commissioners feels that the District is financially stable and is taking the proper steps to ensure the long-term financial viability of this Independent Special District.

Sincerely,



Keith Turner, Chairman

Ventura Port District Board of Port Commissioners

Cc: Oscar Peña, General Manager
Honorable Colleen Toy White, Presiding Judge

RECEIVED

AUG 5, 2008

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