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

$5,640,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
REASSESSMENT REVENUE REFUNDING BONDS, 2011 SERIES A

Dated: Date of Delivery

Due: September 2, as shown on the inside cover

The Richmond Joint Powers Financing Authority Reassessment Revenue Refunding Bonds, 2011 Series A (the “Bonds”) are being issued by the Richmond Joint Powers Financing Authority (the “Authority”) to: (i) refund all of the outstanding Richmond Joint Powers Financing Authority Reassessment Bonds, 2003 Series A (the “Prior Bonds”); and (ii) pay certain costs of issuance associated with the Bonds. See “REFUNDING PLAN.”

The Bonds are being issued by the Authority pursuant to an Amended and Restated Trust Agreement executed and entered into as of December 1, 2011 (the “Trust Agreement”), by and among the Authority, the City of Richmond (the “City”) and Union Bank, N.A., as trustee (the “Trustee”). The Bonds will be secured by a pledge of the Revenues of the Authority consisting primarily of amounts received by the Authority with respect to the City of Richmond Limited Obligation Refunding Improvement Bonds Reassessment District No. 2003-01 (the “Local Obligations”) issued by the City on behalf of the Reassessment District No. 2003-01 (the “District”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

The Bonds are limited obligations of the Authority payable solely from the Revenues of the Authority, consisting primarily of payments received by the Authority from the City in connection with the Local Obligations, which payments are to be made from Reassessments levied upon property within the District received by the City as more fully described herein. Payments on the Local Obligations are calculated to be sufficient to permit the Authority to pay the principal of, and interest on, the Bonds when due.

The Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Principal on the Bonds is payable on September 2 of the years and in the amounts set forth on the inside front cover page, and interest on the Bonds is payable on March 2 and September 2 of each year, commencing March 2, 2012. Individual purchases will be in principal amounts of $5,000 or in any integral multiple thereof. Payments of principal of and interest on the Bonds will be payable by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See APPENDIX E—“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The Bonds are subject to extraordinary redemption as described herein. See “THE BONDS—Redemption Provisions.”


See “CERTAIN RISKS TO BOND OWNERS” for a discussion of special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

This cover page contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Authority by the City Attorney of the City of Richmond, as Authority Counsel, and for the Underwriter by Lofton & Jennings, San Francisco, California, Disclosure Counsel. It is anticipated that the Bonds in will be available for delivery in book-entry only form through the facilities of DTC in New York, New York on or about December 28, 2011.
### MATURITY SCHEDULE

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<td>650,000</td>
<td>2.000%</td>
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† Copyright 2011, American Bankers Association. CUSIP data herein is provided by Standard and Poor's, CUSIP Service Bureau, Inc., a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither the City nor the Underwriter take any responsibility for the accuracy of such numbers.
No dealer, broker, salesperson or other person has been authorized by the Authority, the City or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City, since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Electronic Municipal Market Access site maintained by the Municipal Securities Rulemaking Board.

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

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices or yields set forth on the inside cover page hereof and said public offering prices or yields may be changed from time to time by the Underwriter.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, and the Trust Agreement has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

The City maintains a website. Unless specifically indicated otherwise, the information presented on that website is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “believe,” “estimate,” “project,” “anticipate,” “budget” “intend” or other similar words. Projections, forecasts, assumptions, expressions of opinions, estimates and other forward statements are not to be construed as representations of fact and are qualified in their entirety by the cautionary statements set forth in this Official Statement.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the City plans to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or do not occur.
Governing Board
(Mayor and City Councilmembers)

Gayle McLaughlin, Mayor
Tom Butt, Vice Mayor
Nathaniel Bates, Councilmember
Jovanka Beckles, Councilmember
Courtland “Corky” Booze, Councilmember
Jeff Ritterman, Councilmember
Jim Rogers, Councilmember

Officers

William A. Lindsay, City Manager
James C. Goins, City Finance Director
Randy Riddle*, City Attorney

SPECIAL SERVICES

Orrick, Herrington & Sutcliffe LLP
San Francisco, California
Bond Counsel

Lofton & Jennings
San Francisco, California
Underwriter’s Counsel

Union Bank, N.A.
San Francisco, California
Trustee

Willdan Financial Services
Temecula, California
Reassessment District Administrator

Smyers Appraisal, Inc.
Walnut Creek, California
Appraiser

Grant Thornton LLP
Minneapolis, Minnesota
Verification Agent

† On October 5, 2011, Mr. Riddle announced that following the expiration of his contract on December 31, 2011, he would be leaving the City in early 2012. The City has retained an executive search and consulting firm to identify a qualified candidate to replace Mr. Riddle.
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$5,640,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
REASSESSMENT REVENUE REFUNDING BONDS, 2011 SERIES A

INTRODUCTION

The description and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the Trust Agreement (defined below).

General

This Official Statement, including the cover page, the inside cover page and the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the Richmond Joint Powers Financing Authority (the “Authority”) of $5,640,000 aggregate principal amount of Richmond Joint Powers Financing Authority Reassessment Revenue Refunding Bonds, 2011 Series A (the “Bonds”).

The Authority

The Authority is a joint exercise of powers agency organized under the laws of the State of California (the “State”) by the City of Richmond (the “City”) and Redevelopment Agency of the City of Richmond. The Authority was formed pursuant to a Joint Exercise of Powers Agreement dated June 1, 1989 for the purpose of financing, refinancing or providing reimbursement for costs incurred in connection with the construction, expansion, remodeling, renovation, furnishing, equipping or acquisition of public capital improvements of public entities. See “THE AUTHORITY.”

The City

The City is a municipal corporation and charter city incorporated in 1905. The City of Richmond, located 16 miles northeast of San Francisco on the western shore of Contra Costa County (the “County”), occupies 33.7 square miles of land area on a peninsula that separates San Francisco Bay and San Pablo Bay.

Information with respect to the City, including certain economic and demographic information is contained in APPENDIX A. The information concerning the City is presented as general background information only. The Bonds are secured solely by the Revenues and the funds and accounts established under the Trust Agreement and not by the general fund of the City.

The District

The City of Richmond Reassessment District No. 2003-01 (the “District”) is located on approximately 370 acres in the northern portion of the City and is comprised of 357 residential, commercial and industrial parcels. Of the 357 parcels in the District, 39 (representing 10.92%) are currently undeveloped. The value of the District is $311,311,408. See “THE DISTRICT.”
Authority for Issuance

The Bonds will be issued pursuant to the provisions of the Amended and Restated Trust Agreement executed and entered into as of December 1, 2011 (the “Trust Agreement”), by and among the Authority, the City and Union Bank of California, as trustee (the “Trustee”). The Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 of the California Government Code (the “Act”), as fully registered Bonds in book-entry only form, in denominations of $5,000 each or any integral multiple thereof and will be dated the date of delivery thereof and bear interest at the rates set forth on the inside cover page hereof. See “THE BONDS—Description.”

Purpose

The Bonds are being issued by the Authority to: (i) refund all of the outstanding principal amount of Richmond Joint Powers Financing Authority Revenue Reassessment Bonds, 2003 Series A; and (ii) pay certain costs of issuance associated with the Bonds. See “REFUNDING PLAN.”

Security and Sources of Payment for the Bonds

The Bonds are secured by a pledge of the Revenues of the Authority. “Revenues” are defined in the Trust Agreement as all moneys collected and received by the City on account of unpaid reassessment obligations, including amounts collected in the normal course via direct billing by the City, Reassessment Prepayments, and amounts received by the City as a result of superior court foreclosure proceedings brought to enforce payment of delinquent reassessments, but excluding therefrom any amounts explicitly included therein on account of collection charges, administrative cost charges, or attorneys’ fees and costs paid as a result of foreclosure actions, and all other amounts received by the Trustee as the payment of interest or premiums on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all City of Richmond Limited Obligation Refunding Improvement Bonds, Reassessment District No. 2003-01 (the “Local Obligations”), whether as a result of scheduled payments or Reassessment Prepayments or remedial proceedings taken in the event of a default thereon; and all investment earnings on any moneys held in the Funds established hereunder, except the Rebate Fund and the Surplus Fund.

The Local Obligations, issued pursuant to the Act and a resolution of the City (the “Local Obligations Resolution”), are payable from the unpaid special reassessments (“Reassessments”) levied upon real property within the District. See “THE DISTRICT.”

The Trust Agreement establishes a Reserve Fund (the “Reserve Fund”) as additional security for the Bonds which is required to have a balance at least equal to $564,000, which amount is equal to the “Reserve Requirement” as defined in the Trust Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Reserve Fund.”

The County has adopted the “Teeter Plan” pursuant to which it advances delinquent amounts owing for both ad valorem property taxes and special assessments, including the Reassessments. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Teeter Plan.”


As authorized by the Act, the City determined not to obligate itself to advance available funds from the City treasury to cure any deficiency or delinquency which may occur in the Redemption Fund created and held by the City with respect to the Local Obligations by reason of the failure of a property owner to pay a special Reassessment installment.

Risks to Bond Owners

An investment in the Bonds involves risks that should be considered in addition to other matters described herein in evaluating the investment quality of the Bonds. See “CERTAIN RISKS TO BOND OWNERS.”

Continuing Disclosure

The City has covenanted for the benefit of Bondholders and Beneficial Owners to provide certain financial information and operating data relating to the District by not later than 270 days after the end of the City’s Fiscal Year (which is June 30), commencing with the report for Fiscal Year 2011-12 (the “Annual Report”), and to provide notices of the occurrence of certain significant events. The Annual Report and notices of the occurrence of significant events will be filed by means of the Electronic Municipal Market Access (EMMA) site maintained by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of significant events is set forth in APPENDIX C—“FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The City has not failed in any material respect within the last five years to comply with any of its prior undertakings to provide annual reports or notices of the occurrence of significant events.

Additional Information

Brief descriptions of the Bonds, the Local Obligations, the security for the Bonds, the City, the District and the status of development within the District are included in this Official Statement together with summaries of certain provisions of the Bonds and the Trust Agreement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Trust Agreement are qualified in their entirety by reference to such documents, copies of which are available for inspection at the office of Trustee in San Francisco, California.
REFUNDING PLAN

The City will apply a portion of the proceeds from the sale of the Bonds to establish an irrevocable escrow to refund all of the $5,640,000 outstanding principal amount of the Richmond Joint Powers Financing Authority Revenue Bonds, 2003 Series A (the “Prior Bonds”), which proceeds will be deposited with Union Bank, N.A., as escrow agent (the “Escrow Agent”) pursuant to an Agreement dated as of December 1, 2011 (the “Escrow Agreement”) by and between the Authority and the Escrow Agent. The Prior Bonds will be redeemed on January 27, 2012 (the “Redemption Date”) at a redemption price equal to 100% of the principal amount of the Prior Bonds, plus accrued interest thereon to the Redemption Date. The Prior Bonds to be refunded with the proceeds of the Bonds consist of the following:

Table 1

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<th>Maturity Date (September 2)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>CUSIP No.†</th>
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<td>2012</td>
<td>$595,000</td>
<td>4.50%</td>
<td>764440EC3</td>
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<td>2013</td>
<td>620,000</td>
<td>4.65</td>
<td>764440ED1</td>
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<tr>
<td>2014</td>
<td>650,000</td>
<td>4.85</td>
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<td>764440EK5</td>
</tr>
</tbody>
</table>

† Copyright 2011, American Bankers Association. CUSIP data herein is provided by Standard and Poor’s, CUSIP Service Bureau, Inc., a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither the City nor the Underwriter take any responsibility for the accuracy of such numbers.

The amounts deposited with the Escrow Agent, together with certain other available moneys, including funds currently held pursuant to the fiscal agent agreement relating to the Prior Bonds, will be held by the Escrow Agent uninvested to pay the principal of and accrued interest on the Prior Bonds on the Redemption Date.

The reserve fund associated with the Prior Bonds is invested with Coöperative Centrale Raiffeisen-Boerenleenbank, B.A., also trading under the name Rabobank International, acting through its New York Branch (the “Investment Provider”) in an investment agreement dated as of September 17, 2003 (the “Investment Agreement”) between the Investment Provider and the Trustee pursuant to which the Authority receives a guaranteed interest rate from the Investment Provider equal to 4.51% on the moneys on deposit therein. Upon the issuance of the Bonds, the Investment Agreement will be transferred to the Reserve Fund and the amount in excess of the Reserve Requirement will be deposited into the Escrow Fund. See “ESTIMATED SOURCES AND USES OF FUNDS.”

Following the refunding of the Prior Bonds, the debt service on the Local Obligations will exceed the debt service on the Bonds. As required by the Act, the amounts collected that exceed debt service on the Local Obligations will be applied by the Authority to fund capital improvement projects within the District. See also “DEBT SERVICE SCHEDULE OF THE LOCAL OBLIGATIONS AND THE BONDS.”
Grant Thornton LLP, independent certified public accountants, as the Verification Agent, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriters relating to the principal of and interest on the Prior Bonds to the Redemption Date. For information on mathematical verification of the sufficiency of scheduled payments with respect to such obligations of the United States of America and other funds held in the Escrow Fund to make such payments, see “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

THE BONDS

Description

The Bonds will be issued pursuant to the provisions of the Trust Agreement and the Act. The Bonds will be issued as fully registered Bonds in book-entry form, in Authorized Denominations equal to $5,000 each or any integral multiple thereof and will be dated the date of delivery thereof and will mature on September 2 of the years and in the amounts set forth on the inside cover page. Interest on the Bonds is calculated on the basis of a 360-day year consisting of 12 30-day months and is payable from the date of delivery of the Bonds, at the rates set forth on the cover page hereof, on March 2 and September 2 of each year, commencing March 2, 2012.

The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC,” together with any successor securities depository, the “Securities Depository”), which will act as Securities Depository for the Bonds. Individual purchases will be made only in book-entry form. Purchasers will not receive physical certificates representing their beneficial ownership interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., payment of the principal of, premium, if any, and interest on the Bonds will be payable to DTC or its nominee. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX E—“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Payment of the interest on any Bond will be made to the Person whose name appears on the Bond Register as the Owner thereof as of the close of business on the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date for that purpose; except that in the case of an Owner of $1,000,000 or more in aggregate principal amount of Bonds, upon written request of such Owner to the Trustee (in form satisfactory to the Trustee), received not later than the Record Date, such interest will be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the continental United States of America. The principal of and redemption premiums, if any, on the Bonds will be payable by the Trustee at its Corporate Trust Office upon presentation and surrender of such Bonds.

Redemption Provisions

Extraordinary Redemption from Prepayment of Local Obligations. The Bonds are subject to extraordinary redemption as a whole on any date or in part on any Interest Payment Date, and are required to be redeemed by the Trustee, from moneys transferred from the Prepayment Account to the Redemption Fund pursuant to the Trust Agreement and derived as a result of prepayments of Local Obligations from prepayments by property owners of their reassessment obligations plus, if applicable, at a redemption price equal to the principal amount thereof, together with a redemption premium equal to 2% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date. In the event of such a prepayment, the City is required to cause to be delivered to the Trustee a calculation of the Reserve Fund
Credit and the Trustee is required to transfer the amount of such credit to the Redemption Fund as required by the Trust Agreement.

Redemption Procedures

Notice of Redemption. Notice of redemption is required to be mailed by the Trustee by first class mail, at least 30 but not more than 60 days before the date fixed for redemption, to the Information Services and to the Owners of such Bonds (or portions thereof) so called for redemption, at their respective addresses as the same last appears on the Bond Register established under the Trust Agreement; provided, that neither the failure of an Owner to receive notice of redemption of Bonds hereunder nor any error in such notice will affect the validity of the proceedings for the redemption of Bonds.

Selection of Bonds In the Event of an Extraordinary Redemption from Prepayment of Local Obligations. In the event a portion, but not all, of the Outstanding Bonds are to be redeemed as a result of prepayments of the Local Obligations, the Trustee is required to select the Bonds to be redeemed pro rata among maturities and by lot within each maturity in accordance with a Written Order of the Authority. Upon any prepayment of a Local Obligation, the Authority is required to deliver to the Trustee at least 45 days prior to the redemption date the following: (i) a Written Order of the Authority to the Trustee designating the maturities and amounts of Bonds to be redeemed and designating the reduction, if any, in the Reserve Requirement resulting from such redemption; and (ii) a revised mandatory redemption schedule for the Bonds maturing on September 2, 2019 which will reduce each mandatory redemption amount such that the resulting schedule shall be as nearly proportional as possible in each year to the original schedule.

Purchase in Lieu of Redemption. In lieu of the redemption of any Bond, amounts on deposit in the Proceeds Fund, the Principal Fund or in the Redemption Fund may also be used and withdrawn by the Trustee at any time, upon the written request of the Authority, for the purchase of the Bonds at public or private sale at and when and at such prices (including brokerage and other charges but excluding accrued interest, which is payable from Interest Fund) as the Authority may in its discretion determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date.

Effect of Redemption. If any Bond or any portion thereof is duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, has been made or provided for by the Authority, then interest on such Bond or such portion will cease to accrue from such date, and from and after such date such Bond or such portion will no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof will have no rights in respect of such Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special limited obligations of the Authority payable solely from Revenues. “Revenues” are defined in the Trust Agreement as all moneys collected and received by the City on account of unpaid reassessment obligations, including amounts collected in the normal course via direct billing by the City, Reassessment Prepayments, and amounts received by the City as a result of superior court foreclosure proceedings brought to enforce payment of delinquent reassessments, but excluding therefrom any amounts explicitly included therein on account of collection charges, administrative cost charges, or attorneys’ fees and costs paid as a result of foreclosure actions (the “Reassessment Revenues”) and all other
amounts received by the Trustee as the payment of interest or premiums on, or the equivalent thereof, and
the payment or return of principal of, or the equivalent thereof, all Local Obligations, whether as a result of
scheduled payments or Reassessment Prepayments (defined herein) or remedial proceedings taken in the
event of a default thereon; and all investment earnings on any moneys held in the Funds established
hereunder, except the Rebate Fund and the Surplus Fund.

The term “Reassessment Prepayments” is defined in the Trust agreement to mean that portion of
Revenues which are paid to the City by or on behalf of the owner of a parcel subject to the reassessment
obligation to accomplish a pay-off of the reassessment obligation pertaining to such parcel and the discharge
of the reassessment lien respecting such parcel (except the portion thereof, if any, which represents accrued
interest on the Local Obligations).

Pursuant to the Trust Agreement, the Trustee on behalf of the Bond Owners, is granted a security
interest in the Revenues, the amounts in all funds and accounts created under the Trust Agreement (subject to
the application of such amounts as set forth in the Trust Agreement, except the Rebate Fund) and the Local
Obligations.

The interest on and principal of the Local Obligations are payable from the annual Reassessment
installments collected on the regular property tax bills sent to owners of property within the District having
unpaid special Reassessments levied against them.

The Authority covenants in the Trust Agreement not to issue any bonds, notes or other evidence of
indebtedness or incur any obligations payable from the Revenues other than the Bonds. However, neither the
Authority nor the City has any control over the amount of additional debt payable from special taxes or
assessments on all or any portion of the property within the District that may be issued in the future by other
governmental entities or districts having jurisdiction over all or a portion of the land within such District. See
“THE DISTRICT—Direct and Overlapping Debt.” To the extent such debt is payable from other assessments or
special taxes levied pursuant to the applicable law, such assessments or special taxes may have a lien on the
property within the District on a parity with the lien of the special Reassessments. See “CERTAIN RISKS TO
BOND OWNERS—Parity Taxes and Special Assessments.”

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE
SOLELY FROM REVENUES DEPOSITED BY THE AUTHORITY IN THE REVENUE FUND
DERIVED FROM THE PAYMENT OF THE LOCAL OBLIGATIONS, WHICH PAYMENT IS
EXPECTED TO BE DERIVED FROM THE PAYMENT OF THE REASSESSMENTS LEVIED WITHIN
THE DISTRICT AS MORE FULLY DESCRIBED HEREIN. THE BONDS ARE NOT A DEBT OF THE
CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN
THE AUTHORITY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE OF
THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS
PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR
INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY,
INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY, THE STATE OF CALIFORNIA OR ANY
POLITICAL SUBDIVISION THEREOF TO LEVY OR PLEDGE ANY FORM OF TAXATION OR
MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO
TAXING POWER.
Flow of Funds

Receipt and Deposit of Revenues. All Revenues received by the Trustee, other than Revenues derived from Reassessment Prepayments will be deposited by the Trustee into the Revenue Fund. The Trustee is required to transfer Revenues from the Revenue Fund, in the amounts and at the times specified in the Trust Agreement for deposit into the following respective funds in the following order of priority, the requirements of each fund to be fully satisfied, leaving no deficiencies therein, prior to any deposit into any fund later in priority:

First: to the Interest Fund: before each Interest Payment Date an amount which, together with any amounts then on deposit in the Interest Fund, is equal to the interest on the Bonds due on such date;

Second: to the Principal Fund: (i) before each March 2 an amount equal to one-half of the principal amount of Bonds maturing on the next succeeding September 2, and (ii) before each September 2 an amount which, together with amounts then on deposit in the Principal Fund (other than amounts previously deposited on account of any Bonds which have matured but which have not been presented for payment), is sufficient to pay the Principal Installments on the Bonds when due on such Principal Payment Date;

Third: to the Reserve Fund: as soon as practicable before each Interest Payment Date, after making deposits to the Interest Fund and the Principal Fund an amount which, together with any amounts then on deposit in the Reserve Fund equals the Reserve Requirement; and

Fourth: to the Surplus Fund: any amounts remaining after making the deposits required above. Amounts in the Surplus Fund (together with any earnings thereon) will be applied or transferred as follows:

(i) On each July 1, the Trustee will transfer the amount specified in a Written Order of the Authority containing evidence of the calculations required by the Tax Certificate from the Surplus Fund to the City to be used by the Authority to pay the costs of public capital improvements as defined in the Act. If the Trustee does not receive a written order pursuant to the Trust Agreement by June 15 in each year, the Trustee is required to transfer certain amounts as specified in the Trust Agreement from the Surplus Fund to the Authority, provided that such amount will be reduced in each year by the percentage of Bonds redeemed in the prior Fiscal Year pursuant to Trust Agreement as a result of Reassessment Prepayments on the Local Obligations. On or about the fifth anniversary of the closing date, the Authority is required to engage a consultant to perform a yield calculation on the loans that takes into account the actual payments made on the loans as approved by Bond Counsel. After such calculation has been approved by Bond Counsel, the Trustee is required to adjust the annual amount of the transfer to the Authority as directed in a Written Order of the Authority containing evidence of the calculations required by the Tax Certificate.

(ii) The remainder of the amounts, if any, on deposit in the Surplus Fund after making the transfer required pursuant to subsection (a) above shall be transferred to the Local Obligations Redemption Fund and shall be applied as a credit to the property owner assessments in the following year.

Revenues Derived From Special Reassessment Prepayments. All Revenues derived from Prepayments of the Local Obligations when received by the City are required to be immediately transferred to the Trustee for deposit in the Prepayment Account within the Revenue Fund. Amounts in the Prepayment
Account are required to be transferred as soon as practicable to the Redemption Fund and used to redeem or purchase Bonds on an Interest Payment Date pursuant to the Trust Agreement.

For additional information regarding the Flow of Funds, see APPENDIX B—"SUMMARY OF CERTAIN PROVISIONS OF THE AMENDED AND RESTATED TRUST AGREEMENT AND THE LOCAL OBLIGATIONS RESOLUTION."

Reserve Fund

The Trust Agreement establishes a Reserve Fund (the "Reserve Fund") with the Trustee, moneys in which are to be used by the Trustee solely for the purpose of paying interest on, principal of, or the redemption premiums, if any, on the Bonds as the same become due and payable. The Reserve Fund is required to have a balance of at least equal to the Reserve Requirement.

The "Reserve Requirement" is defined in the Trust Agreement to mean the amount of $564,000, less the cumulative amount of Reserve Fund Credits applied to the redemption of the Bonds pursuant to the Trust Agreement. The reserve fund associated with the Prior Bonds is invested with the Investment Provider in the Investment Agreement. Upon the issuance of the Bonds, the Investment Agreement will be transferred to the Reserve Fund and the amount in excess of the Reserve Requirement will be deposited into the Escrow Fund. See "ESTIMATED SOURCES AND USES OF FUNDS."

"Reserve Fund Credit" is defined in the Trust Agreement as the product of (i) a fraction the numerator of which is the principal amount of Local Obligations being prepaid pursuant to a property owner reassessment prepayment and the denominator of which is the total amount of outstanding Local Obligations immediately prior to the prepayment, multiplied by (ii) the difference of (A) the balance then on deposit in the Reserve Fund, less (B) the positive difference, if any, between the aggregate principal amount of the Bonds and the aggregate principal amount of the Local Obligations, that are Outstanding.

Description of Local Obligations

The Local Obligations consist of the City of Richmond Limited Obligation Refunding Improvement Bonds Reassessment District No. 2003-01 currently outstanding in the principal amount of $5,590,509.14. See "DEBT STATEMENT SCHEDULE OF THE LOCAL OBLIGATIONS AND THE BONDS—Table 4" for a schedule showing debt service on the Local Obligations.

Upon the issuance of the Bonds, the aggregate amount of the Reassessment Liens will be $5,590,509.14 and the Reserve Fund for the Bonds will be funded in the amount of $564,000. Such amounts in the aggregate exceed the principal amount of Bonds being issued.

Payment of the Local Obligations

General. The Local Obligations have been issued under and are governed by the terms of a Reassessment bond resolution adopted by the City Council of the City under the Refunding Act (the "Reassessment Bond Resolution").

The Revenues are primarily composed of payments of interest and principal to be received by the Authority, as owner of the Local Obligations. The Local Obligations and the interest thereon are payable from Reassessments levied on property in the District. The Local Obligations are designed to pay principal, redemption premium and interest in the amounts and the times sufficient to provide for payment of principal and redemption premium and interest on the Bonds.
The Local Obligations are being issued upon and will be secured by the unpaid Reassessments together with interest thereon, and such unpaid Reassessments together with interest thereon constitute a trust fund for the redemption and payment of the principal of the Local Obligations and the interest thereon. The Local Obligations are secured by the money in the Redemption Fund created pursuant to the Reassessment proceedings under the Reassessment Bond Resolution and by the unpaid Reassessments.

Although the unpaid Reassessments constitute fixed liens on the lots and parcels assessed, they do not constitute a personal indebtedness of the respective owners of such lots and parcels. There is no assurance that the owners will be financially able to pay the Reassessment installments or that they will pay such installments even though they may be financially able to do so. See “CERTAIN RISKS TO BOND OWNERS.”

The unpaid Reassessments are collected in semi-annual installments, together with interest on the declining balances, on the tax roll on which general taxes on real property are collected, and are payable and become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do general taxes, and the properties upon which the Reassessments were levied are subject to the same provisions for sale and redemption as are properties for nonpayment of general taxes.

The Local Obligations are not an obligation of the City, the State of California or any of its political subdivisions and neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

**Teeter Plan**

The City uses the facilities of the County for the assessment and collection of property related taxes for City purposes, including the Reassessments. The County follows the “Teeter Plan” (defined below) with respect to property tax collection and disbursement procedures. Under this plan, a county can implement an alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Section 4701 through 4717, inclusive), commonly referred to as the “Teeter Plan.”

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes, and assessments including the Reassessments, are distributed to taxing agencies within the county included in the Teeter Plan on the basis of 100% of tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all participating taxing agencies is avoided. While a county bears the risk of loss on delinquent taxes that go unpaid, it benefits from the penalties associated with these delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk. The constitutionality of the Teeter Plan was upheld in *Corrie v. County of Contra Costa*, 110 Cal. App. 2d 210 (1952). The County was the first Teeter Plan county in the State when the Teeter Plan was enacted by the State Legislature in 1949.

In connection with the Teeter Plan, a county can advance to the participating taxing agencies an amount equal to 95% of the total then-prior years’ delinquent secured property taxes and 100% of the total then-prior years’ delinquent secured Reassessments, including the associated penalties and interest, and 100% of the then-current year’s secured roll levy.

The assessed valuation of property is determined by the County Assessor and reported at the full cash value as of January 1 each year except for utility property. “Secured” property is real property which in the opinion of the County Assessor can serve as a lien to secure payment of taxes. “Utility” property is any property of a public utility which is assessed by the State Board of Equalization rather than the County
Assessor, and which is also “secured” property. Taxes on unsecured property are due May 15 and become delinquent August 31.

The Board of Supervisors of the County may discontinue the procedures under the Teeter Plan altogether, or with respect to any tax or assessment levying agency in the County, if the rate of secured tax and assessment delinquency in that agency in any year exceed 3% of the total of all taxes and assessment levied on the secured rolls for that agency.

Priority of Lien

The special Reassessments and each installment thereof and any interest and penalties thereon constitute a lien against each parcel on which it was imposed until the same is paid. Such lien is subordinate to all fixed special assessment or reassessment liens previously imposed upon the same property, but has priority over all private liens, including the lien of any mortgage or deed of trust, and over all fixed special assessment or reassessment liens which may thereafter be created under the any assessment or reassessment law against the property. Such lien is co-equal to and independent of the lien for general property taxes and liens previously or subsequently imposed pursuant to the Mello-Roos Community Facilities Act of 1982.

Foreclosure Covenant

The City covenanted in the Local Obligations Resolution to annually, on or before September 1 of each year, review the public records of the Contra Costa County Auditor-Controller relating to the collection of the Reassessments on the tax roll in the prior Fiscal Year, and if the City determines on the basis of such review that either (i) the amount so collected is deficient by more than 3% of the total amount of the Reassessment levied in such Fiscal Year or (ii) property owned by any single property owner in the District is delinquent by more than $5,000 with respect to the Reassessment due and payable, or (iii) the Reserve Fund is less than the Reserve Requirement, then it shall within 60 days thereafter institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installments of the Reassessment against each separate lot or parcel of land in the District, and will diligently prosecute and pursue such foreclosure proceedings to judgement and sale.

Limited Obligation; No Required Advances from Available Surplus Funds

Notwithstanding any other provision of the Local Obligation Resolution, the City is not obligated to advance available surplus funds from the City treasury to cure any deficiency in the Revenue Fund; provided, however, that nothing shall affect the right of the City under the Act to make advances to cure any deficiencies.
Debt Service Schedule

The debt service schedule for the Bonds is set forth below:

Table 2
DEBT SERVICE SCHEDULE

<table>
<thead>
<tr>
<th>Year Ending (September 2)</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$695,000</td>
<td>$114,773.19</td>
<td>$809,773.19</td>
</tr>
<tr>
<td>2013</td>
<td>650,000</td>
<td>160,650.00</td>
<td>810,650.00</td>
</tr>
<tr>
<td>2014</td>
<td>660,000</td>
<td>147,650.00</td>
<td>807,650.00</td>
</tr>
<tr>
<td>2015</td>
<td>680,000</td>
<td>127,850.00</td>
<td>807,850.00</td>
</tr>
<tr>
<td>2016</td>
<td>700,000</td>
<td>107,450.00</td>
<td>807,450.00</td>
</tr>
<tr>
<td>2017</td>
<td>725,000</td>
<td>84,700.00</td>
<td>809,700.00</td>
</tr>
<tr>
<td>2018</td>
<td>750,000</td>
<td>59,325.00</td>
<td>809,325.00</td>
</tr>
<tr>
<td>2019</td>
<td>780,000</td>
<td>31,200.00</td>
<td>811,200.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$5,640,000</td>
<td>$833,598.19</td>
<td>$6,473,598.19</td>
</tr>
</tbody>
</table>

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the financing are set forth in the following table:

Table 3
ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds
Bond Principal................................................. $5,640,000.00
Balance in Prior Bonds Reserve Fund(1)............................................. 925,000.00
Balance in Prior Bonds Debt Service Fund...................................... 20,859.92
Balances in Prior Bonds funds and accounts ...................................... 8.27
Total Sources ........................................................................ $6,585,868.19

Uses of Funds
Escrow Fund(1)........................................................................ $5,755,592.19
Reserve Fund(2)......................................................................... 564,000.00
Less: Original Issue Discount...................................................... 43,357.95
Underwriter’s Discount................................................................. 56,400.00
Expense Fund(3)......................................................................... 166,518.05
Total Uses ........................................................................... $6,585,868.19

(1) See also “REFUNDING PLAN.”
(2) The Reserve Fund will be held in the Investment Agreement. See “REFUNDING PLAN.”
(3) Includes fees of Bond Counsel, Underwriter’s Counsel, the initial fees of the Trustee, printing costs and other miscellaneous expenses.
DEBT SERVICE SCHEDULE OF THE LOCAL OBLIGATIONS AND THE BONDS

The principal source of Revenues for repayment of the Bonds is amounts received by the Authority comprising debt service paid by the District on the Local Obligations. Set forth below is a table showing debt service on the Local Obligations and the Bonds for each Bond Year ending September 2.

The debt service on the Local Obligations exceeds the debt service on the Bonds. As required by the Act, the amounts collected that exceed debt service on the Local Obligations will be applied by the Authority to fund capital improvement projects within the District.

Table 4
DEBT SERVICE SCHEDULE OF THE LOCAL OBLIGATIONS AND THE BONDS

<table>
<thead>
<tr>
<th>Year Ending (September 2)</th>
<th>Local Obligations Debt Service</th>
<th>Bond Debt Service</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$892,589.60</td>
<td>$809,773.19</td>
<td>$82,816.41</td>
</tr>
<tr>
<td>2013</td>
<td>889,666.40</td>
<td>810,650.00</td>
<td>79,016.40</td>
</tr>
<tr>
<td>2014</td>
<td>890,010.40</td>
<td>807,650.00</td>
<td>82,360.40</td>
</tr>
<tr>
<td>2015</td>
<td>893,332.80</td>
<td>807,850.00</td>
<td>85,482.80</td>
</tr>
<tr>
<td>2016</td>
<td>889,344.80</td>
<td>807,450.00</td>
<td>81,894.80</td>
</tr>
<tr>
<td>2017</td>
<td>893,355.20</td>
<td>809,700.00</td>
<td>83,655.20</td>
</tr>
<tr>
<td>2018</td>
<td>889,726.40</td>
<td>809,325.00</td>
<td>80,401.40</td>
</tr>
<tr>
<td>2019</td>
<td>893,807.20</td>
<td>811,200.00</td>
<td>82,607.20</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$7,131,812.80</td>
<td>$6,473,598.19</td>
<td>$658,214.61</td>
</tr>
</tbody>
</table>

Sources: Willdan Financial Services for the Local Obligations Debt Service and E. J. De La Rosa & Co. for the estimated Bond Debt Service.

THE AUTHORITY

On June 1, 1989 the City and the Redevelopment Agency (each organized and existing under the constitution and laws of the State of California, and, with respect to the City, under its charter) executed a Joint Exercise of Powers Agreement creating the Richmond Joint Powers Financing Authority (the “Authority”) pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Joint Powers Act”).

The governing board of the Authority is comprised of all of the individuals who currently are members of the City Council of the City and members of the Board of the Redevelopment Agency. The joint powers agreement may not be terminated until such time as all principal of and interest on the Bonds, and all other amounts payable under the Trust Agreement have been paid in full. The Authority has been created specifically for purposes of facilitating financings for the City and the Redevelopment Agency.

Pursuant to the Joint Powers Act, the Authority is authorized to issue bonds for the purpose of financing, refinancing or providing reimbursement for costs incurred in connection with the construction, expansion, remodeling, renovation, furnishing, equipping or acquisition of public capital improvements of public entities. The Joint Powers Act provides for the issuance of revenue bonds of joint exercise of powers authorities, such as the Authority, to be repaid from the proceeds of certain public obligations, such as the Local Obligations. The intent of the California legislature, as stated in the Joint Powers Act, is to assist in the reduction of local borrowing costs, help accelerate the construction, repair, and maintenance of public capital improvements, and promote greater use of existing and new financial instruments and mechanisms such as bond pooling by local agencies.
THE CITY

The City of Richmond is a municipal corporation and charter city incorporated in 1905. The City is located 16 miles northeast of San Francisco on the western shore of Contra Costa County, occupies 33.7 square miles of land area on a peninsula that separates San Francisco Bay and San Pablo Bay. Richmond is an important oil refining, industrial, commercial, transportation, shipping and government center. Redevelopment in the downtown and waterfront areas and commercial expansion in the City’s Hilltop area, along the I-80 and I-580 Freeway corridors and along the new Richmond Parkway are adding to the municipal tax base. As of January 1, 2010, the population of the City was estimated to be 103,764. Certain economic and demographic information concerning the City is set forth in APPENDIX A—“ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND.”

THE DISTRICT

All information contained herein concerning Property Owners has been obtained from public documents, the Reassessment District Administrator and the Appraiser. The Authority, the City and the Underwriter have not independently verified, and none of them makes any representation as to, the accuracy of such information.

General Description and Location of the District

The District is located in the northern portion of the City and is comprised of 370 acres, containing 357 parcels, of which 89.08% are developed. Three Hundred Eighteen parcels are developed with single-family residences, four are developed industrial parcels, seven are developed commercial parcels, and 39 are undeveloped parcels. The District is traversed by the Richmond Parkway, which connects with Interstate 80 at the Richmond Parkway Interchange two miles to the west and with Interstate 580 and the Richmond San Rafael Bridge and Marin County four miles to the northwest.

The District contains portions of the light industrial/commercial building complex known as Hilltop Business Park, a residential/commercial development known as Hilltop West and several commercial/industrial properties near the Point Pinole area of the City.

The area around the District is generally improved with new and relatively new low-and mid-rise office buildings, light industrial buildings, commercial development, and single and multi-family housing. The Hilltop Shopping Center is a major regional mall in close proximity to all parcels within the District and the Richmond Golf and Country Club adjoins the westernmost parcels of the District.

The Hilltop Mall Shopping Center (developed by Chevron Land & Development Company), which contains 520,000 square feet of gross leasable area and includes stores such as Macy’s, Sears and J.C. Penny’s and various shops and services, restaurants, and two 4-plex theaters is in close proximity to the District, but is not in the District. The complex also includes an auto-mall with Nissan, Ford, Lincoln, Buick and Chevrolet dealerships. Developments on the southern edge of Interstate 80, at the Richmond Parkway Interchange, include the over one million square foot Pinole Vista Shopping Center anchored by K-Mart, Lucky Supermarket and Dollar Tree. A commercial/retail complex is located on the northern side of Interstate 80, adjacent to the Richmond Parkway and the Richmond Parkway Interchange. This complex represents approximately 250,000 square feet and portions of this complex are in the District.

Land uses in the northern portion of the City has shifted in the past several years from older-heavy uses to light industrial, commercial, research and development and retail uses. Land uses planned and approved for the Point Pinole Business Park include warehousing, light industrial and open space.
Reassessment Roll

Set forth in APPENDIX F is the Reassessment Lien for the District.

Ownership of the Parcels

A summary of the principal property owners in the District by total taxable value and by annual reassessment are set forth in the tables below:

Table 5A
CITY OF RICHMOND
REASSESSMENT DISTRICT NO. 2003-01
PRINCIPAL PROPERTY OWNERS BY TOTAL TAXABLE VALUE

<table>
<thead>
<tr>
<th>Property Owner</th>
<th>Number of Parcels</th>
<th>Fiscal Year 2011-12 Taxable Value (1)</th>
<th>Annual Reassessment</th>
<th>% of Total Annual Reassessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richmond Essex LP</td>
<td>1</td>
<td>$47,653,524</td>
<td>$42,205</td>
<td>4.68%</td>
</tr>
<tr>
<td>DDRM Hilltop Plaza LP</td>
<td>1</td>
<td>42,015,000</td>
<td>94,883</td>
<td>10.51</td>
</tr>
<tr>
<td>IIT Pinole Business Park I LP</td>
<td>3</td>
<td>37,250,000</td>
<td>93,384</td>
<td>10.35</td>
</tr>
<tr>
<td>Richmond Investors 2010 LLC</td>
<td>1</td>
<td>32,980,504</td>
<td>26,734</td>
<td>2.96</td>
</tr>
<tr>
<td>Advantage Battery Corporation</td>
<td>1</td>
<td>17,073,268</td>
<td>99,629</td>
<td>11.04</td>
</tr>
<tr>
<td>Richmond Pinole Pt Industrial</td>
<td>4</td>
<td>11,072,910</td>
<td>256,623</td>
<td>28.44</td>
</tr>
<tr>
<td>Castle Principles LLC</td>
<td>34</td>
<td>5,782,968</td>
<td>15,386</td>
<td>1.70</td>
</tr>
<tr>
<td>Nomura Family</td>
<td>1</td>
<td>3,255,417</td>
<td>3,280</td>
<td>0.36</td>
</tr>
<tr>
<td>Gabrielli Joseph</td>
<td>1</td>
<td>3,250,000</td>
<td>2,928</td>
<td>0.32</td>
</tr>
<tr>
<td>Pinole Point Properties</td>
<td>4</td>
<td>3,030,000</td>
<td>114,407</td>
<td>12.68</td>
</tr>
<tr>
<td>ACD Investments</td>
<td>1</td>
<td>2,467,800</td>
<td>2,317</td>
<td>0.26</td>
</tr>
</tbody>
</table>

SUBTOTAL                        | 52                | 205,831,391                          | 751,776             | 83.30                          |
All Others                      | 305               | 105,480,017                          | 105,692             | 16.70                          |
TOTAL                           | 357               | $311,311,408                         | 902,468             | 100.00%                        |

(1) All values indicated based upon the Fiscal Year 2011-12 assessed values, except for four parcels which are valued at their appraised values.
(2) Based upon the appraised values. See APPENDIX G—“APPRAISAL REPORT.”
### Table 5B
CITY OF RICHMOND
REASSESSMENT DISTRICT NO. 2003-01
PRINCIPAL TAXPAYERS BY ANNUAL ASSESSMENT

<table>
<thead>
<tr>
<th>Property Owner</th>
<th>Number of Parcels</th>
<th>Annual Reassessment</th>
<th>% of Total Annual Reassessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richmond Pinole Pt. Industrial</td>
<td>4</td>
<td>$256,623</td>
<td>28.44%</td>
</tr>
<tr>
<td>Pinole Point Properties Inc.</td>
<td>4</td>
<td>114,407</td>
<td>12.68</td>
</tr>
<tr>
<td>Advantage Battery Corporation</td>
<td>1</td>
<td>99,629</td>
<td>11.04</td>
</tr>
<tr>
<td>DDRM Hilltop Plaza LP</td>
<td>1</td>
<td>94,883</td>
<td>10.51</td>
</tr>
<tr>
<td>IIT Pinole Business Park I LP</td>
<td>3</td>
<td>93,384</td>
<td>10.35</td>
</tr>
<tr>
<td>Richmond Essex LP</td>
<td>1</td>
<td>42,205</td>
<td>4.68</td>
</tr>
<tr>
<td>Richmond Investors 2010 LLC</td>
<td>1</td>
<td>26,734</td>
<td>2.96</td>
</tr>
<tr>
<td>Castle Principles LLC</td>
<td>34</td>
<td>15,386</td>
<td>1.70</td>
</tr>
<tr>
<td>Valley Green Holdings LLC</td>
<td>1</td>
<td>5,207</td>
<td>0.58</td>
</tr>
<tr>
<td>Chevron USA Inc.</td>
<td>1</td>
<td>3,467</td>
<td>0.38</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td><strong>51</strong></td>
<td><strong>751,926</strong></td>
<td><strong>83.32%</strong></td>
</tr>
<tr>
<td><strong>All Others</strong></td>
<td><strong>306</strong></td>
<td><strong>150,542</strong></td>
<td><strong>16.68%</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>357</strong></td>
<td><strong>$902,468</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>


### Appraisal Report

Four unimproved properties within the District were appraised by Jesse B. Smyers, MAI and Trentin P. Krauss, Smyers Appraisal, Inc., Walnut Creek, California (the "Appraiser"). The Appraiser prepared a report dated December 6, 2011 (the "Appraisal") indicating the market value of these parcels as of November 28, 2011. The complete Appraisal is set forth in APPENDIX G.

In considering the estimates of value evidence by the Appraisal, it should be noted that the Appraisal is based upon a number of standard and special assumptions which affect the estimates as to value. The Appraiser's valuation assumes fee simple ownership of the property, free and clear of any liens and special assessments, other than as stated in the Appraisal. Included among the assumption made in the Appraisal are assumptions that no conditions exist that are not discoverable through normal, diligent investigation which would affect the use and the value of the property and that no hazardous material which may cause a loss in value of the property exist within the property appraised. The Appraiser did not observe any hazardous material on the appraised parcels in the District other than as taken into account in the Appraisal; however, the Appraiser expressly disclaims in the Appraisal any expertise with respect to detection of such substances or responsibility for such substances. The Appraiser assumes no responsibility for building permits, zoning changes, engineering or other services or duties connected with legally utilizing the property.

The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal. The information contained herein is a summary only of certain information contained in the Appraisal.
Value-to-Lien Ratio

The aggregate Fiscal Year 2011-12 assessed value of the property within the District, excluding the four appraised parcels is $308,281,408. The aggregate retail property valuation of the land for the four unimproved parcels in the District which were appraised, as of November 28, 2011 is $3,030,000. Therefore, the total value of the real property in the District is $311,311,408. The total aggregate amount of existing, unpaid Reassessment liens on all parcels in the District is $5,590,509. Consequently, the aggregate value of the parcels within the District is approximately 55.69 times the total lien of the Reassessments and 55.20 times the aggregate principal amount of the Bonds. In comparing the appraised/assessed value of the parcels and the total liens on the assessment parcels, it should be noted that the real property within the District cannot be foreclosed upon as a whole to pay delinquent assessments of the owners of such parcels within the District. Rather, individual parcels may be foreclosed upon to pay delinquent installments of the assessments levied against such parcels. See also APPENDIX F—“REASSESSMENT ROLL” and APPENDIX G—“APPRaisal REPORT.”

The tables below set forth the summary of the parcels in the District including the Reassessment liens and the value-to-lien ratios.

Table 6
CITY OF RICHMOND
REASSESSMENT DISTRICT NO. 2003-01
VALUE-TO-LIEN RATIOS

<table>
<thead>
<tr>
<th>Value-to-Lien Ratio</th>
<th>No. of Parcels</th>
<th>Value†</th>
<th>Remaining Lien</th>
</tr>
</thead>
<tbody>
<tr>
<td>20:1 and more</td>
<td>348</td>
<td>$297,024,346</td>
<td>$3,268,557</td>
</tr>
<tr>
<td>10:1 to 20:1</td>
<td>1</td>
<td>184,152</td>
<td>11,336</td>
</tr>
<tr>
<td>3:1 to 10:1</td>
<td>7</td>
<td>13,842,910†</td>
<td>2,102,553</td>
</tr>
<tr>
<td>3:1 and less</td>
<td>1</td>
<td>260,000</td>
<td>208,063</td>
</tr>
<tr>
<td>TOTAL</td>
<td>357</td>
<td>$311,311,408</td>
<td>$5,590,509</td>
</tr>
</tbody>
</table>

† All values indicated based upon Fiscal Year 2011-12 assessed values, except for four parcels which are valued at their appraised values. See APPENDIX G—“APPRaisal REPORT.”


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Table 7
CITY OF RICHMOND
REASSESSMENT DISTRICT NO. 2003-01
PRINCIPAL DEVELOPED AND UNDEVELOPED PROPERTY OWNERS
BASED ON REASSESSMENT LIEN
FISCAL YEAR 2011-12 TAX ROLL

<table>
<thead>
<tr>
<th>Property Owner</th>
<th>No. of Parcels</th>
<th>Remaining Lien</th>
<th>Property Value&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Estimated Value-to-Reassessment Lien</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Developed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Richmond Essex LP</td>
<td>1</td>
<td>$262,823</td>
<td>$47,653,524</td>
<td>181.31</td>
</tr>
<tr>
<td>DDRM Hilltop Plaza LP</td>
<td>1</td>
<td>590,996</td>
<td>42,015,000</td>
<td>71.09</td>
</tr>
<tr>
<td>IIT Pinole Business Park I LP</td>
<td>3</td>
<td>581,460</td>
<td>37,250,000</td>
<td>64.06</td>
</tr>
<tr>
<td>Richmond Investors 2010 LLC</td>
<td>1</td>
<td>166,443</td>
<td>32,980,504</td>
<td>198.15</td>
</tr>
<tr>
<td>Advantage Battery Corporation</td>
<td>1</td>
<td>620,561</td>
<td>17,073,268</td>
<td>27.51</td>
</tr>
<tr>
<td>Nomura Family LTD</td>
<td>1</td>
<td>20,334</td>
<td>3,255,417</td>
<td>160.10</td>
</tr>
<tr>
<td>Gabrielli, Joseph R.</td>
<td>1</td>
<td>18,138</td>
<td>3,250,000</td>
<td>179.19</td>
</tr>
<tr>
<td>ACD Investments Inc.</td>
<td>1</td>
<td>14,332</td>
<td>2,467,800</td>
<td>172.19</td>
</tr>
<tr>
<td>Castle Principles LLC</td>
<td>7</td>
<td>19,037</td>
<td>2,464,776</td>
<td>129.47</td>
</tr>
<tr>
<td>Chevron USA Inc.</td>
<td>1</td>
<td>21,501</td>
<td>2,166,196</td>
<td>100.75</td>
</tr>
<tr>
<td><strong>Subtotal Developed</strong></td>
<td>18</td>
<td>2,315,626</td>
<td>190,576,485</td>
<td>82.30</td>
</tr>
<tr>
<td><strong>Other Properties</strong></td>
<td>300</td>
<td>830,651</td>
<td>98,940,343</td>
<td>119.11</td>
</tr>
<tr>
<td><strong>TOTAL DEVELOPED</strong></td>
<td>318</td>
<td>3,146,277</td>
<td>289,516,828</td>
<td>92.02</td>
</tr>
<tr>
<td><strong>Undeveloped</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Richmond Pinole Pt. Industrial</td>
<td>4</td>
<td>1,598,292</td>
<td>11,072,910</td>
<td>6.93</td>
</tr>
<tr>
<td>Castle Principles LLC</td>
<td>27</td>
<td>73,429</td>
<td>3,318,192</td>
<td>45.19</td>
</tr>
<tr>
<td>Mitchell, Neal and Bina, Tre</td>
<td>1</td>
<td>12,956</td>
<td>2,286,000</td>
<td>176.44</td>
</tr>
<tr>
<td>Valley Green Holdings LLC</td>
<td>1</td>
<td>32,336</td>
<td>1,821,000</td>
<td>56.26</td>
</tr>
<tr>
<td>Pinole Point Properties&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>4</td>
<td>712,324</td>
<td>3,030,000&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>4.25</td>
</tr>
<tr>
<td>On Line Bindery</td>
<td>1</td>
<td>11,336</td>
<td>184,152</td>
<td>16.33</td>
</tr>
<tr>
<td>MSC Pinole Point Steel Inc.</td>
<td>1</td>
<td>3,560</td>
<td>82,326</td>
<td>23.13</td>
</tr>
<tr>
<td><strong>TOTAL UNDEVELOPED</strong></td>
<td>39</td>
<td>2,444,232</td>
<td>21,794,580</td>
<td>8.92</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>357</td>
<td>$5,590,509</td>
<td>$311,311,408</td>
<td>55.69</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> All values indicated are based upon Fiscal Year 2011-12 assessed values, except for four parcels which are valued at their appraised value.

<sup>(2)</sup> Based upon the appraised values. See APPENDIX G—"APPRAISAL REPORT."

Source: Assessed Values and Land Use, Contra Costa County 2011-12 Secured Tax Roll, as compiled by Willdan Financial Services.

The Reassessment Roll appearing as APPENDIX F sets forth the Reassessment lien and the Fiscal Year 2011-12 assessed value for each parcel in the District.
Delinquency Information

The City uses the facilities of the County, which follows the Teeter Plan, for the assessment and collection of the Reassessments. See "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS—Teeter Plan." Set forth below is a summary of assessment installment payment history for last five Fiscal Years.

Currently, there are no judicial foreclosure actions pending against any parcels in the District.

Table 8
CITY OF RICHMOND
REASSESSMENT DISTRICT NO. 2003-01
HISTORICAL ASSESSMENT INSTALLMENT DELINQUENCY†

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Number of Parcels</th>
<th>Number of Delinquent</th>
<th>Annual Assessment</th>
<th>Amount Delinquent†</th>
<th>Percent Delinquent†</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>357</td>
<td>0</td>
<td>$1,007,338</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>2007-08</td>
<td>357</td>
<td>0</td>
<td>1,002,963</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>2008-09</td>
<td>357</td>
<td>0</td>
<td>1,010,066</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>2009-10</td>
<td>357</td>
<td>2</td>
<td>1,008,071</td>
<td>610</td>
<td>0.06%</td>
</tr>
<tr>
<td>2010-11</td>
<td>357</td>
<td>18</td>
<td>900,991</td>
<td>5,573</td>
<td>0.62%</td>
</tr>
</tbody>
</table>

† Delinquent amount as of June 3, 2011.
Source: Contra Costa County Assessor, as compiled by Wildan Financial Services.

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Direct and Overlapping Bonded Indebtedness

The direct and overlapping bonded indebtedness within the District is set forth below.

Table 9
CITY OF RICHMOND
REASSESSMENT DISTRICT NO. 2003-01
(Atlas Road West and Interchange)

2011-12 Local Secured Assessed Valuation: $306,075,079

### DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:

- **Bay Area Rapid Transit District**: 0.062% $255,775
- **Contra Costa Community College District**: 0.219 $490,527
- **West Contra Costa Unified School District**: 1.381 $11,365,062
- **West Contra Costa Healthcare District Parcel Tax Obligations**: 0.441 $95,454
- **East Bay Regional Park District**: 0.096 $125,419

**City of Richmond Reassessment District No. 2003-01**: 100. $5,680,000 (1)

**TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT**: $18,012,237

### OVERLAPPING GENERAL FUND DEBT:

- **Contra Costa County General Fund Obligations**: 0.245% $783,115
- **Contra Costa County Pension Obligations**: 0.245 $979,608
- **Alameda-Contra Costa Transit District Certificates of Participation**: 0.220 $75,867
- **Contra Costa Community College District Certificates of Participation**: 0.246 $2,276
- **West Contra Costa Unified School District Certificates of Participation**: 1.774 $336,883
- **City of Richmond General Fund Obligations**: 3.273 $4,451,116
- **City of Richmond Pension Obligations**: 3.273 $3,707,004

**TOTAL GROSS OVERLAPPING GENERAL FUND DEBT**: $10,335,869

Less: **Contra Costa County general fund obligations supported by revenue funds**: $297,063

**City of Richmond obligations supported by port revenues**: $1,629,187

**TOTAL NET OVERLAPPING GENERAL FUND DEBT**: $8,409,619

**GROSS COMBINED TOTAL DEBT**: $28,348,106 (2)

**NET COMBINED TOTAL DEBT**: $26,421,856

(1) Excludes issue to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**Ratios to 2011-12 Local Secured Assessed Valuation:**

- **Direct Debt ($5,680,000)**: 1.86%
- **Total Direct and Overlapping Tax and Assessment Debt**: 5.88%
- **Gross Combined Total Debt**: 9.26%
- **Net Combined Total Debt**: 8.63%

**STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11**: $0

Source: California Municipal Statistics, Inc.
CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING REVENUES

Article XIII A of the State Constitution

In 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A was subsequently amended on several occasions in various respects. Article XIII A limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes on real property may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and on bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities approved by 55% of the voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, and to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster or in the event of certain transfers to children or spouses or of the elderly or disabled to new residences.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The ad valorem 1% property tax is automatically levied by the City and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Unitary Property

The State Revenue and Taxation Code provide that revenues derived from most utility property assessed by the State Board of Equalization (“Unitary Property”), commencing with fiscal year 1988-89, will be allocated as follows: (i) for revenues generated from the one percent tax rate, (a) each jurisdiction will receive a percentage up to 102% of its prior year State-assessed revenue; and (b) if county-wide revenues generated from Unitary Property are less than the previous year’s revenues or greater than 102% of the previous year’s revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula; and (ii) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each jurisdiction will receive a percentage share of revenue based on the jurisdiction’s annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. These provisions apply to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.
These provisions of the Revenue and Taxation Code do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, the Revenue and Taxation Code allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

CERTAIN RISKS TO BOND OWNERS

Described below are certain factors which could impact the ability of the Authority to pay debt service on the Bonds. See also APPENDIX A—“ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND” for certain financial and other information concerning the City. The following information does not purport to be an exhaustive listing of the risks and other considerations which may be relevant to an investment in the Bonds and the order in which they are presented is not intended to reflect the relative important of such risks. There can be no assurance made that other risk factors will not become relevant in the future.

Failure of Property Owners to Pay Reassessment Installments

Under the provisions of Act, Reassessment installments, from which funds for the payment of annual installments of principal and interest on the Local Obligations are derived, will be billed to properties against which there are Reassessments to be paid by the owners of property in the Districts on the regular property tax bills sent to owners of such properties. Such Reassessment installments are due and payable at the same times, and bear the same penalties and interest for non-payment as do regular property tax installments. Reassessment installments cannot be paid separately from property taxes. Failure to pay less than the total of all property taxes and Reassessment installments due will be considered a delinquency in the payment of both property taxes and Reassessment installments.

Reassessments to be paid by the owners of property in the District do not constitute a personal indebtedness of the owners of the lots and parcels within the District. There is no assurance such owners will be able to pay their Reassessment installments or that they will pay such installments even though they may be financially able to do so.

The Local Obligations are payable from amounts collected from assessed property owners and deposited in the related Redemption Fund. Therefore, timely payment of debt service on the Bonds depends upon the timely payment of Reassessment installments to be paid by the owners of property in the District. Additionally, the Reassessment installments are secured by a lien on the affected parcels and the City covenants to institute and diligently prosecute foreclosure proceedings to sell land with delinquent installments in order to obtain funds to pay debt service on the Local Obligations. See also “—Bankruptcy and Foreclosure Delays.” Because these are the only sources of funds available to pay debt service, failure by owners of the parcels to pay Reassessment installments when due, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent Reassessment installments may result in the inability of the City to make full or punctual payments of debt service on the Local Obligations and Bond Owners would therefore be adversely affected.

Limited City Obligation Upon Delinquency

Pursuant to the Act, the City has elected not to be obligated to advance funds from the treasury of the City for the payment of delinquent Reassessment installments. Notwithstanding the above, the City may, at its sole option and in its sole discretion, elect to advance available surplus funds of the City to pay for any delinquent property.
Payment of the Reassessments is Not a Personal Obligation of the Property Owners

AN OWNER OF PROPERTY IS NOT PERSONALLY OBLIGATED TO PAY THE REASSESSMENTS. RATHER, THE REASSESSMENTS ARE OBLIGATIONS ONLY AGAINST THE PROPERTY. IF THE VALUE OF THE PARCELS OF PROPERTY IS NOT SUFFICIENT, TAKING INTO ACCOUNT OTHER OBLIGATIONS ALSO PAYABLE THEREBY TO FULLY SECURE THE REASSESSMENTS, THE CITY HAS NO RECOURSE AGAINST THE OWNER.

Land Values

If a property owner defaults in the payment of the special Reassessments, the City’s only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent special Reassessments. Land values could be adversely affected by economic factors beyond such Districts’ control, such as relocation of employers out of the area, stricter land use regulations, the absence of water, or destruction of property caused by, among other eventualities, earthquake, flood or other natural disaster, or by environmental pollution or contamination.

The City makes no representations as to the value of the property in the District.

Moreover, assessed valuations, rather than appraised value, has been used for the value of most of the property in the District. For certain parcels in the District, the Appraiser has provided an estimate of the market value. The assessed value of real property generally may not be representative of the actual market value of the property in any District since Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% per year unless property is sold or transferred. As a consequence, assessed values are typically less than actual market values unless the property has recently changed ownership.

Value-to-Lien Ratios

The value-to-lien ratios for the parcels presented in this Official Statement are based on the aggregate assessed value of the property within the District as of the Fiscal Year 2011-12 tax roll, except four parcels, the values of which are based on the Appraisal. These values are presented only to provide an overview of the value of the property which is security for the Bonds and not as a representation of the value of the property in the District.

Exempt Properties

Certain properties are exempt from the Reassessments. In addition, the Improvement Bond Act provides that properties or entities of the state, federal or local government are exempt from Reassessments; provided, however, that property in the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Reassessments, will continue to be subject to the Reassessments. In addition, the Act provides that if property subject to the Reassessments is acquired by a public entity through eminent domain proceedings, the obligation to pay the Reassessments with respect to that property is to be treated as if it were a Reassessment. The constitutionality and operation of these provisions of the Act have not been tested.

Parity Taxes and Special Assessments

The Authority may not issue indebtedness payable from the Revenues other than the Bonds. However, neither the Authority nor the City has any control over the amount of additional debt payable from taxes or assessments on all or any portion of the property within the District that may be issued in the future by other governmental entities or districts having jurisdiction over all or a portion of the land within the
District. To the extent such debt is payable from assessments or special taxes levied pursuant to the applicable law, such assessments or special taxes may have a lien on the property within the District on a parity with the lien of the Reassessments.

The ability or willingness of a property owner in the District to pay the Reassessments could be affected by the existence of other taxes and Assessments imposed upon the property. The Reassessments and any penalties thereon constitute a lien against the lots and parcels of land on which they have been levied until they are paid. Such lien is on a parity with all special taxes and special Reassessments levied by other agencies and is co-equal to and independent of the lien for general property taxes and other special Reassessments regardless of when they are imposed upon the same property. The special Reassessments have priority over all existing and future private liens imposed on the property. In addition, other public agencies whose boundaries overlap those of the District could, with or in some circumstances without the consent of the owners of the land in the District, impose additional taxes or Reassessment liens on the property in the District in order to finance public improvements to be located inside or outside of the District.

The City and the District, however, have no control over the ability of other entities and districts to issue indebtedness secured by special taxes or Assessments payable from all or a portion of the property in the District. In addition, the City is not prohibited itself from establishing Assessment districts, community facilities districts or other districts which might impose Assessments or taxes against property in the District. The imposition of additional liens on a parity with the Assessments could reduce the ability or willingness of the owners of parcels in the District to pay the special Assessments and increases the possibility that foreclosure proceeds will not be adequate to pay delinquent special Reassessments or the principal of and interest on the Bonds when due. As of the date of this Official Statement, neither the City nor the District has knowledge of any proposal or plan to levy additional Assessments, other than those described herein, on property within the District. See Table 5 under the caption “THE DISTRICT—Direct and Overlapping Bonded Indebtedness.”

Bankruptcy and Foreclosure Delays

The payment of the Reassessments and the ability of the City to foreclose the lien of a delinquent unpaid tax, as discussed in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including the approving legal opinion of Bond Counsel) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the lien of the Reassessments to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale of tax sale proceedings, thereby delaying such proceedings perhaps for an extended period. Any such delays would increase the likelihood of a delay or default in payment of the principal of and interest on the Local Obligations and the possibility of delinquent tax installments not being paid in full. The payment of Reassessments and the ability of the City to foreclose the lien of a delinquent unpaid tax could be delayed by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting rights of creditors generally or by the laws of the State of California relating to judicial foreclosure. Further, should remedies be exercised under the federal bankruptcy laws against parcels in the District, payment of the Reassessments may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the Reassessments in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.
FDIC/Federal Government Interests in Properties

The ability of the City to foreclose the lien of delinquent unpaid Reassessment installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, then the ability of the City to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC State of Policy regarding the payment of state and local property taxes (the “Policy Statement”) provides that the FDIC will pay ad valorem real property taxes (including interest) secured by a valid lien (in effect before the property became owned by the FDIC) on property owned by the FDIC only if those taxes are assessed based on the value of the property during the period for which the tax is imposed. The FDIC generally will not pay ad valorem taxes, including special assessment unless the amount of tax is fixed at the time the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the affairs of the FDIC, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts.

The Authority is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at foreclosure sale. Such an outcome could cause a draw on the related reserve fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Public Safety and Security Issues

Military conflicts and terrorist activities may adversely impact the operation of the City. In addition, the City may experience a decrease with respect to its revenues because of any change in economic circumstances as a result of future military conflicts or terrorist activities. Such a reduction in revenues may include, but is not limited to, a decline in transient occupancy tax, parking tax, business tax and sales tax revenues.

The City is subject to safety and security measures and inspections on a continuing basis. The City does not represent that any existing or additional safety and security measures will be adequate in the event that terrorist activities are directed against the City or that costs of security measures will not be greater than presently anticipated.
Geologic, Topographic and Climatic Conditions

The value of the property in the District in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as flooding, fires and droughts.

Natural Disasters

Earthquakes, floods, fires or other natural disasters in the jurisdiction of the City and within the District could negatively impact the ability or willingness of a property owner to pay the Reassessments.

There are several geological faults in the greater San Francisco Bay Area that have the potential to cause serious earthquakes which could result in damage to buildings, roads, bridges, and property within the City. The City is located in the Hayward Fault Zone. Past experiences, including the 1989 Loma Prieta earthquake on the San Andreas fault, with a magnitude of 7.1 on the Richter scale and with the epicenter located in Santa Cruz, approximately 65 miles south of the City, have resulted in minimal damage to the infrastructure and property within the City.

It is possible that new geological faults could be discovered in the area and a significant earthquake along these or other faults is possible during the period that the Bonds will be outstanding which may cause a delay or suspension of receipt of revenues by the City.

Portions of the City are situated on landfill. During an earthquake, landfill areas are subject to liquefaction, which is the temporary change of a saturated soil or fill to a liquid with the loss of support strength for structures. Commercial properties, residential properties and infrastructure in these areas could sustain damage in a major seismic event from ground motion and liquefaction of underlying soils.

It is believed that the City is not at great risk of earthquake-triggered tsunamis due to natural attenuation across San Francisco Bay and Brooks Island near the City. If a tsunami did occur on the open ocean, it is expected that waves would dissipate as they moved through the San Francisco Bay and past Angel Island, and that the tidal flats would absorb much of the impact. There were no tsunami impacts to the City as a result of the 9.0 magnitude Tōhoku, Japan earthquake that occurred on March 11, 2011.

Hazardous Substances

While governmental taxes, Reassessments, and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value of a parcel in any District is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances.

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act” is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator of the property is obligated to remedy a hazardous substance condition of the property whether or not the owner or operator has anything to do with creating or handling the hazardous substance.
The effect of the presence of hazardous substances on a substantial number of parcels within the City would be to reduce the marketability and value of such parcels by the costs of, and any liability incurred by, remedying the hazardous substances, since a purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the financial and legal liability of a property owner to develop the affected parcel or other parcels, as well as the value of the property that is realizable upon a delinquency and foreclosure.

The valuation of property in the District does not take into account the possible reduction in marketability and value of any of the parcels by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. While the City is not aware that the owner (or operator) of any of parcels has such a current liability with respect to any of the parcels, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel within the District that is realizable upon a delinquency.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of municipal securities for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price. No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation, or changes in interpretation of existing law.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. A copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D to this Official Statement, and the final opinion will be made available to the owners of the Bonds at the time of delivery. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the Authority by the City Attorney. Certain other legal matters will be passed on for the Underwriter by Lofton & Jennings, San Francisco, California, Underwriter’s Counsel.

The fees of Bond Counsel and Underwriter’s Counsel are contingent upon the issuance of the Bonds.
TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the City have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.
Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, on September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011 generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the City or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the City legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds, and may cause the Authority, the City or the beneficial owners to incur significant expense.
NO MATERIAL LITIGATION

At the time of delivery of and payment for the Bonds, the Authority will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or regulatory agency, public board or body pending or threatened against the Authority or the City affecting their existence, or the titles of their respective officers, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Trust Agreement, or the collection or levy of the special Reassessments to pay the principal of and interest on the Local Obligations, or in any way contesting or affecting the validity or enforceability of the Local Obligations and the Bonds, the Reassessment Bond Resolutions, the Bond Purchase Contract entered into between the Authority and the Underwriter, or any other applicable agreements or any action of the Authority or the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or the City or their authority with respect to the Bonds or any action of the Authority or the City contemplated by any of said documents, nor, to the knowledge of the Authority, is there any basis therefor.

NO RATING

The Authority has not made, and does not contemplate making, an application to any rating agency for assignment of a rating to the Bonds.

UNDERWRITING

The Bonds were purchased through negotiation by E. J. De La Rosa & Co. Inc. (the “Underwriter”) at a price of $5,540,242.05 (which represents the principal amount of the Bonds less an original issue discount of $43,357.95 and less an underwriter’s discount of $56,400.00). The Underwriter may change the initial public offering prices set forth on the cover page. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information.

The City has covenanted for the benefit of Bondholders and Beneficial Owners to provide certain financial information and operating data relating to the District by not later than 270 days after the end of the City’s Fiscal Year (which is June 30), commencing with the report for Fiscal Year 2011-12 (the “Annual Report”), and to provide notices of the occurrence of certain significant events. The Annual Report and notices of the occurrence of significant events will be filed by means of the Electronic Municipal Market Access (EMMA) site maintained by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of significant events is set forth in APPENDIX C—“FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).
VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of independent public accountants, will deliver to the Authority, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by the Underwriter and its representatives. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by the Underwriter and its representatives and has not evaluated or examined the assumptions or information used in the computations.

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MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Authority, the City or the District and the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City or the District since the date hereof.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of such documents and reports are available for inspection at the office of the Finance Director, City of Richmond, Richmond City Hall, 450 Civic Center Plaza, Richmond, California 94804.

The execution and delivery of the Official Statement by the Authority has been duly authorized by the Board of Directors of the Authority.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By: /s/ James C. Goin

Treasurer
APPENDIX A

CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND

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APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND

The City of Richmond, California (the “City”), a municipal corporation and charter city incorporated in 1905, is located 16 miles northeast of San Francisco on the western shore of Contra Costa County (the “County”), occupies 33.7 square miles of land area on a peninsula that separates the San Francisco Bay from San Pablo Bay, and spans 32 miles of shoreline. The City is an important oil refining, industrial, commercial, transportation, shipping and government center. Redevelopment in the downtown and waterfront areas and commercial expansion in the City’s Hilltop area, along the Interstate 80 and Interstate 580 corridors, and along the new Richmond Parkway have added to the tax base of the City in recent years.

The deep water Port of Richmond, located within the City boundaries, ranks third in annual tonnage in California and handles more shipping than the ports of San Francisco and Oakland combined, most of it in bulk liquids. The City, as well as the Port of Richmond, is served by Union Pacific and Burlington Northern/Santa Fe Railroads, both interstate transcontinental railroads. U.S. Interstate Highway 80, one of the nation’s principal east-west freeways, traverses the City and connects with Interstate 5, which extends to Canada and Mexico, in the vicinity of Sacramento, approximately 70 miles east of Richmond. U.S. Interstate Highway 580 crosses the southern portion of the City.

The demographic and economic information provided below has been collected from sources that the City has determined to be reliable. Because it is difficult to obtain complete and timely regional economic and demographic information, the City’s economic condition may not be fully apparent in all of the publicly available regional economic statistics provided herein.

Population

City residents account for approximately 10% of the population of the County. While the period from 1980 to 2000 was characterized by rapid population growth in both the City and the County, the last five years reflect a trend of slower growth. Table A-1 below shows the population of the City, the County and the State according to the U.S. Census for the years 2000 and 2010 and the California Department of Finance for 2007 through 2009 and 2011.

Table A-1
City, County and State Population Statistics

<table>
<thead>
<tr>
<th>Year</th>
<th>City of Richmond</th>
<th>Contra Costa County</th>
<th>State of California</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000†</td>
<td>99,216</td>
<td>948,816</td>
<td>33,873,086</td>
</tr>
<tr>
<td>2007</td>
<td>101,805</td>
<td>1,015,672</td>
<td>36,399,676</td>
</tr>
<tr>
<td>2008</td>
<td>102,313</td>
<td>1,027,264</td>
<td>36,704,375</td>
</tr>
<tr>
<td>2009</td>
<td>102,887</td>
<td>1,038,390</td>
<td>36,966,713</td>
</tr>
<tr>
<td>2010</td>
<td>103,764</td>
<td>1,047,948</td>
<td>37,223,900</td>
</tr>
<tr>
<td>2011</td>
<td>104,220</td>
<td>1,056,064</td>
<td>37,510,766</td>
</tr>
</tbody>
</table>

† Census 2000 counts include changes from the Count Question Resolution program. Data may not match that published in Census 2000 reports.

Sources: U.S. Census Bureau (2000 and 2010), and California Department of Finance Population Estimates.
County Property Tax Collection Process and Assessed Valuation. The City uses the facilities of the County for the assessment and collection of property related taxes for City purposes.

The County levies and collects the ad valorem property taxes. Taxes arising from the 1% Proposition 13 levy are apportioned among local taxing agencies on the basis of a formula established by State law in 1979. Under this formula, the City receives a base year allocation plus an allocation on the basis of growth in assessed value (consisting of new construction, change of ownership and inflation). Taxes relating to voter-approved indebtedness and voter approved pension costs are levied by the County and allocated to the relevant taxing agency. Beginning in Fiscal Year 1990-91 (with the adoption of new State legislation), the County has deducted the pro-rata cost of collecting property taxes from the City’s allocation.

As discussed under “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING REVENUES—Article XIII A of the State Constitution,” pursuant to Article XIII A of the California Constitution, annual increases in property valuations by the County Assessor are limited to a maximum of 2% unless properties are improved or sold. Transferred properties and improvements are assessed at 100% of full cash value. Therefore, the County tax rolls do not reflect property values uniformly proportional to market values.

In 1978, the voters of the State passed Proposition 8, a constitutional amendment to Article XIII A that allows a temporary reduction in assessed value when real property suffers a decline in market value. A decline in assessed value occurs when the current market value of real property is less than the current assessed (taxable) factored base year value as of the lien date, January 1. See also “—Decline in Assessed Valuation.”

The table below summarizes the assessed valuation of taxable property in the City for Fiscal Years 2007-08 through 2011-12.

### Table A-2
City of Richmond, California
Assessed Valuation of Taxable Property
Fiscal Years 2006-07 through 2010-11

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Local Secured</th>
<th>Utility</th>
<th>Unsecured</th>
<th>Total Before Redevelopment</th>
<th>Total After Redevelopment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>$12,791,207,859</td>
<td>$10,092,578</td>
<td>$764,091,227</td>
<td>$13,565,691,664</td>
<td>$11,231,920,323</td>
</tr>
<tr>
<td>2008-09</td>
<td>12,789,413,923</td>
<td>10,071,060</td>
<td>849,546,196</td>
<td>13,649,031,179</td>
<td>11,237,792,283</td>
</tr>
<tr>
<td>2009-10</td>
<td>10,777,113,225</td>
<td>9,957,443</td>
<td>966,599,138</td>
<td>11,753,772,000</td>
<td>10,017,225,935</td>
</tr>
<tr>
<td>2010-11</td>
<td>9,400,081,347</td>
<td>10,484,620</td>
<td>825,052,363</td>
<td>10,235,618,330</td>
<td>8,644,031,513</td>
</tr>
<tr>
<td>2011-12†</td>
<td>9,852,365,174</td>
<td>8,524,691</td>
<td>959,821,723</td>
<td>10,820,711,588</td>
<td>9,229,124,771</td>
</tr>
</tbody>
</table>

† Adopted Budget.
Sources: Contra Costa County.
The table below summarizes the change in assessed value in the City and the County by source (i.e. whether due to a Proposition 8 temporary reduction or due to a Proposition 13 reduction, representing the sale of property at current market value.)

Table A-3
City of Richmond, California and Contra Costa County
Change in Secured Assessed Valuation by Source
Fiscal Years 2008-09 through 2010-11
($ in 000's)

<table>
<thead>
<tr>
<th></th>
<th>Total Secured Assessed Value†</th>
<th>Source of Change in Assessed Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Parcels</td>
<td>Amount</td>
</tr>
<tr>
<td>City</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>23,528</td>
<td>$10,345,061</td>
</tr>
<tr>
<td>2009-10</td>
<td>22,872</td>
<td>8,090,892</td>
</tr>
<tr>
<td>2010-11</td>
<td>22,833</td>
<td>6,892,914</td>
</tr>
<tr>
<td>County</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>366,430</td>
<td>$157,497,255</td>
</tr>
<tr>
<td>2009-10</td>
<td>360,032</td>
<td>140,809,225</td>
</tr>
<tr>
<td>2010-11</td>
<td>360,066</td>
<td>136,112,315</td>
</tr>
</tbody>
</table>

† Data is based on July 1 Assessor’s statutory roll wherein the Proposition 8 and Proposition 13 attributes reside. Any difference in the assessed value presented in this table and in the County Auditor-Controller’s equalized roll represents the changes and adjustments made by the County Assessor and/or County Auditor between the July 1 statutory roll and the County Auditor-Controller’s equalized roll published in early September.

Source: ParcelQuest.

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Property Taxes. Property tax receipts collected for the City by the County are set forth in Table A-4 below. In preparing its annual budgets, the City forecasts property taxes based on each of the specific categories of receipts (secured and unsecured, current and delinquent receipts, supplemental, and State replacement funds). Current receipts are derived from the County Assessor’s estimate of growth in assessed valuation, adjusted for estimates in growth for redevelopment project areas. Estimates of other property tax receipts are primarily based on historical collections.

Table A-4
City of Richmond
Property Tax Receipts
Fiscal Years 2006-07 through 2009-10, Estimated Fiscal Year 2010-11 and Budgeted Fiscal Year 2011-12

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Property Tax Receipts</th>
<th>% Change</th>
<th>Percentage of General Fund Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>$33,069,812</td>
<td>6.92%</td>
<td>29.03%</td>
</tr>
<tr>
<td>2007-08</td>
<td>34,269,322</td>
<td>3.63%</td>
<td>30.03%</td>
</tr>
<tr>
<td>2008-09</td>
<td>33,296,446</td>
<td>(2.84)%</td>
<td>23.95%</td>
</tr>
<tr>
<td>2009-10</td>
<td>29,746,915</td>
<td>(10.66)%</td>
<td>24.35%</td>
</tr>
<tr>
<td>2010-11</td>
<td>26,200,000</td>
<td>(11.92)%</td>
<td>19.37%</td>
</tr>
<tr>
<td>2011-12</td>
<td>25,722,700</td>
<td>(1.82)%</td>
<td>19.38%</td>
</tr>
</tbody>
</table>

(1) Excludes property tax override receipts of which approximately $12.5 million were budgeted for Fiscal Year 2010-11.
(2) Estimated. Fiscal Year 2010-11 Adjusted Budget.
(3) Property taxes for Fiscal Year 2011-12 are budgeted at 2.6% lower ($0.6 million) than the amounts expected to be received based on the Fiscal Year 2010-11 Adjusted Budget. The amount to be received in Fiscal Year 2011-12 will be reduced further by $241,200 to account for repayment of amounts owed to Chevron USA as a result of its successful assessment appeal. See “Assessment Appeals.”

Sources: City of Richmond, Comprehensive Annual Financial Report for Fiscal Years, 2005-06 through 2009-10, Fiscal Year 2010-11 Adjusted Year Budget and the Adopted Fiscal Year 2011-12 Budget.

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Under the Teeter Plan, the City receives its entire secured tax levy amount each year. A history of collections for the last five Fiscal Years is shown in Table A-5 and the aggregate amount of County secured tax levies, delinquencies and tax losses reserve fund balances for the same period are shown in Table A-5 as reported annually by the County Auditor-Controller.

### Table A-5

**City of Richmond**

**Secured Property Tax Levies and Delinquencies**

**Fiscal Years 2006-07 through 2009-10 and Estimated for Fiscal Year 2010-11**

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Total Current Fiscal Year Tax Levy</th>
<th>Reimbursed Tax Levy</th>
<th>Percent Current Levy Delinquent June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>$30,704,619</td>
<td>$578,395</td>
<td>1.88%</td>
</tr>
<tr>
<td>2006-07</td>
<td>34,107,915</td>
<td>1,159,190</td>
<td>3.40%</td>
</tr>
<tr>
<td>2007-08</td>
<td>38,289,082</td>
<td>1,834,890</td>
<td>4.79%</td>
</tr>
<tr>
<td>2008-09</td>
<td>38,286,630</td>
<td>1,529,548</td>
<td>3.99%</td>
</tr>
<tr>
<td>2009-10</td>
<td>33,111,961</td>
<td>886,295</td>
<td>2.68%</td>
</tr>
<tr>
<td>2010-11 (1)</td>
<td>29,107,690</td>
<td>499,882</td>
<td>1.72%</td>
</tr>
</tbody>
</table>

(1) Includes property tax override receipts collected for payment of certain pension benefits. See “Pension Plans—Police and Firemen’s Pension Plan.”

(2) Due to the County use of the Teeter Plan, the City receives 100% of its tax levy, with the County responsible for collection of delinquent amounts.

(3) Preliminary.

*Source: Contra Costa County Auditor-Controller.*

### Table A-6

**Contra Costa County**

**Secured Property Tax Levies, Delinquencies and Tax Losses Reserve Balances**

**Fiscal Years 2005-06 through 2010-11**

($ in 000’s)

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Total Current Year Tax Levy</th>
<th>Portion of Current Levy Delinquent Year End</th>
<th>% Current Levy Delinquent Year End</th>
<th>Total Delinquent Taxes June 30</th>
<th>Tax Losses Reserve Balance June 30</th>
<th>Reserve as % of Delinquency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>$1,720,978</td>
<td>$35,699</td>
<td>2.07%</td>
<td>$47,004</td>
<td>$26,335</td>
<td>56%</td>
</tr>
<tr>
<td>2006-07</td>
<td>1,967,771</td>
<td>80,852</td>
<td>4.11</td>
<td>97,324</td>
<td>33,559</td>
<td>34</td>
</tr>
<tr>
<td>2007-08</td>
<td>2,077,283</td>
<td>106,032</td>
<td>5.10</td>
<td>143,491</td>
<td>45,174</td>
<td>31</td>
</tr>
<tr>
<td>2008-09</td>
<td>2,061,930</td>
<td>86,035</td>
<td>4.17</td>
<td>129,971</td>
<td>66,209</td>
<td>51</td>
</tr>
<tr>
<td>2009-10</td>
<td>1,964,724</td>
<td>55,418</td>
<td>2.82</td>
<td>115,198</td>
<td>84,269</td>
<td>73</td>
</tr>
<tr>
<td>2010-11</td>
<td>1,932,504</td>
<td>35,685</td>
<td>1.85</td>
<td>78,164</td>
<td>94,110</td>
<td>120</td>
</tr>
</tbody>
</table>

*Source: Contra Costa County Auditor-Controller.*

The County can elect to terminate its Teeter Plan for subsequent fiscal years, in which case the City would receive only the taxes and assessments actually collected and delinquent amounts when and if received. The County can also elect to terminate its Teeter Plan if more than 3% of the total tax levy is delinquent. The County has never terminated its Teeter Plan and has not informed the City of any plans to terminate its Teeter Plan.
Foreclosure Activity. Residential mortgage loan defaults and foreclosures between 2005 and 2010 increased significantly in connection with the collapse of the subprime sector of the residential mortgage market and broader economic pressures. In California, the greatest impacts to date are in regions of the Central Valley and the Inland Empire (both areas that are outside of the County), although the County has been impacted as well, particularly in the eastern portions of the County where the largest number of new mortgages were originated as growth in residential development occurred.

Such foreclosure activity has also affected the City. Based on information provided by MDA DataQuick Information, an independent data collection service, for calendar year 2010, mortgage holders had sent 1,012 notices of default with respect to properties located within the City compared to 1,486 during calendar year 2009 (a decline of 31.9%), and 680 trustee deeds had been recorded (indicating that the property has been lost to foreclosure) during calendar year 2009 compared to 797 during calendar year 2009 (a decline of 14.7%). During the first half (January through June) of calendar year 2011, mortgage holders sent 428 notices of default and recorded 338 trustee deeds compared to 483 notices of default sent and 340 trustee deeds recorded during the first half (January through June) of calendar year 2010.

A summary of the notices of default sent and trustee deeds recorded for the City and the County during calendar years 2008 through 2010 and for the first half (January through June) of calendar years 2010 and 2011 is summarized in Table A-7.

<table>
<thead>
<tr>
<th></th>
<th>Calendar Years 2008 through 2010</th>
<th>First Half (January through June)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>1,562</td>
<td>1,486</td>
</tr>
<tr>
<td>% Change</td>
<td>12.1% (4.9%)</td>
<td>(31.9%)</td>
</tr>
<tr>
<td></td>
<td>1,012</td>
<td>483</td>
</tr>
<tr>
<td></td>
<td>(11.4%)</td>
<td></td>
</tr>
<tr>
<td>COUNTY</td>
<td>16,453</td>
<td>18,194</td>
</tr>
<tr>
<td>% Change</td>
<td>51.7% (10.6%)</td>
<td>(30.9%)</td>
</tr>
<tr>
<td></td>
<td>12,568</td>
<td>6,737</td>
</tr>
<tr>
<td></td>
<td>(17.5%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>797</td>
<td>5,558</td>
</tr>
<tr>
<td></td>
<td>(14.7%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,940</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(29.6%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,298</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(8.1%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,830</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.6%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,690</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3.7%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: MDA DataQuick Information.

The level of default and foreclosure activity has resulted in downward pressure on home prices in the affected areas. In response, the County Assessor has reduced the assessed valuation on certain properties pursuant to Proposition 8, legislation that permits a temporary tax reduction when baseline market value is lower than current market value. The County Assessor reviewed approximately 30,000 properties sold since 2005 and reduced the assessed valuation on approximately 22,500 properties for Fiscal Year 2007-08. The average reduction in assessed value was $50,000, resulting in an average tax reduction of 8% per parcel and an aggregate reduction equal to $14 million, or 0.71%, of the Fiscal Year 2008-09 secured roll of the County.
Due to the continued downturn in the real estate market, during Fiscal Year 2008-09, growth in assessed valuation in the County was flat (a 0.23% increase), in Fiscal Year 2009-10 assessed valuation in the County declined by $11.3 billion (-7.2%) and in Fiscal Year 2010-11 assessed valuation in the County declined by approximately $700 million (-0.49%) with only three cities (Richmond, Moraga and San Ramon) experiencing increases.

**Largest Taxpayers.** Set forth in Table A-8 are the 10 largest secured taxpayers in the City for the Fiscal Year ending June 30, 2011 (the most current data available), based on assessed valuations within the City.

<table>
<thead>
<tr>
<th>Property Owner</th>
<th>Primary Land Use</th>
<th>2010-11 Assessed Value</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Secured</td>
<td>Unsecured</td>
</tr>
<tr>
<td>Chevron USA Inc.†</td>
<td>Industrial</td>
<td>$2,026,593,317</td>
<td>$342,199,128</td>
</tr>
<tr>
<td>Guardian of KW Hilltop LLC</td>
<td>Residential</td>
<td>101,836,626</td>
<td>–</td>
</tr>
<tr>
<td>Richmond Parkway Associates</td>
<td>Commercial</td>
<td>64,209,854</td>
<td>466,024</td>
</tr>
<tr>
<td>Kaiser Foundation Hospitals†</td>
<td>Institutional</td>
<td>39,678,736</td>
<td>22,640,242</td>
</tr>
<tr>
<td>Berlex Laboratories, Inc.†</td>
<td>Industrial</td>
<td>61,445,753</td>
<td>–</td>
</tr>
<tr>
<td>Richmond Essex, LP</td>
<td>Residential</td>
<td>47,662,859</td>
<td>–</td>
</tr>
<tr>
<td>Cherokee Simeon Venture I LLC†</td>
<td>Commercial</td>
<td>47,660,777</td>
<td>–</td>
</tr>
<tr>
<td>DDRM Hilltop Plaza LP</td>
<td>Commercial</td>
<td>46,000,000</td>
<td>–</td>
</tr>
<tr>
<td>Lennar Emerald Marina Bay LLC</td>
<td>Residential</td>
<td>44,443,000</td>
<td>–</td>
</tr>
<tr>
<td>Foss Maritime Company</td>
<td>Industrial</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td></td>
<td>2,479,530,922</td>
<td>408,001,157</td>
</tr>
<tr>
<td>Remaining Property Owners</td>
<td></td>
<td>7,041,034,445</td>
<td>417,310,932</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>$9,520,565,367</td>
<td>$825,312,089</td>
</tr>
</tbody>
</table>

† Indicates appeals pending.

Sources: Hdl. Coren & Cone, based on data obtained from the Contra Costa County Assessor 2010-11 Combined Tax Rolls and the SBE Non Unitary Tax Roll as updated with MDA DataQuick Information sales transfer information.

On March 9, 2010, Chevron Corporation announced details of a restructuring plan that was announced earlier in January 2010. The restructuring plan includes elimination of 2,000 positions in 2010 and more in 2011 and the sale of a refinery in Wales but does not include the closure or sale of any other refineries, including the refinery in Richmond. The restructuring plan did not specifically address whether Chevron intends to continue to pursue up to $1.5 billion of improvements to its Richmond refinery.

There can be no assurance that these owners, or any other large property owner, will not relocate outside of the City or file property tax appeals in the future which could significantly reduce the amount of property tax revenues available to the City. Certain of these taxpayers may own property located in one or more redevelopment areas of the City and the full amount of property taxes paid on such parcels may not contribute to the City’s General Fund.
Table A-9 sets forth a history of taxable sales for the City for calendar years 2005 through 2009 (the most recent annual data available).

<table>
<thead>
<tr>
<th>Table A-9</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Richmond</td>
</tr>
<tr>
<td>Taxable Sales</td>
</tr>
<tr>
<td>($ in thousands)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>----------------------------------------</td>
</tr>
<tr>
<td>Apparel stores</td>
</tr>
<tr>
<td>General merchandise stores</td>
</tr>
<tr>
<td>Food stores</td>
</tr>
<tr>
<td>Eating and drinking establishments</td>
</tr>
<tr>
<td>Home furnishings and appliances</td>
</tr>
<tr>
<td>Building materials and farm implements</td>
</tr>
<tr>
<td>Auto dealers and auto supplies</td>
</tr>
<tr>
<td>Service stations</td>
</tr>
<tr>
<td>Other retail stores</td>
</tr>
<tr>
<td>SUBTOTAL RETAIL STORES</td>
</tr>
<tr>
<td>All other outlets</td>
</tr>
<tr>
<td>TOTAL ALL OUTLETS</td>
</tr>
</tbody>
</table>

(1) Most recent annual data available.
(2) Sales omitted because their publication would result in the disclosure of confidential information.

Source: California State Board of Equalization.

Sales tax receipts for Fiscal Year 2011-12 are budgeted at $25.0 million, representing approximately 18.7% of General Fund revenues and transfers in and an approximately 5.2% increase compared to Fiscal Year 2010-11.

Table A-10 shows Sales Tax receipts and their respective percentage of General Fund revenues since Fiscal Year 2006-07 and the budgeted amount for Fiscal Year 2011-12.

<table>
<thead>
<tr>
<th>Table A-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Richmond</td>
</tr>
<tr>
<td>Sales Tax Receipts</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Fiscal Year</td>
</tr>
<tr>
<td>-------------</td>
</tr>
<tr>
<td>2006-07</td>
</tr>
<tr>
<td>2007-08</td>
</tr>
<tr>
<td>2008-09</td>
</tr>
<tr>
<td>2009-10</td>
</tr>
<tr>
<td>2010-11(1)</td>
</tr>
<tr>
<td>2011-12(2)</td>
</tr>
</tbody>
</table>

(1) Estimated. Fiscal Year 2010-11 Adjusted Budget.
(2) Budgeted. Fiscal Year 2011-12 Adopted Budget.

Sources: City of Richmond, Comprehensive Annual Financial Report for Fiscal Years 2006-07 through 2009-10, Fiscal Year 2010-11 Adjusted Budget and Fiscal Year 2011-12 Adopted Budget.
Economy

Overview. The economy of the City includes oil refining operations, heavy and light manufacturing, distribution facilities, service industries, commercial centers, and a multi-terminal shipping port on San Francisco Bay. Richmond also serves as a government center for western portions of Contra Costa County.

The economy of the City has experienced growth in light and high technology companies and new business parks that accommodate both light industrial and “office/plex” type commercial buildings. Growth in these sectors is adding diversity to the City’s historically heavy industrial base. At the same time, major manufacturers continue to upgrade their facilities, making major investments in modernization and expansion.

The City is continuing its efforts to attract developers, builders, and commercial activity to all areas of the City. Economic development program efforts are being expanded to increase private sector investment and job creation in the City.

Industrial Activity. Historically, the City has been viewed as an industrial and distribution center, largely due to the visible presence of a major oil refinery, Chevron USA Richmond Refinery (the “Refinery”), and other major industries: Bio-Rad Laboratories, Pinole Point/Marwais Steel and the bulk liquid terminals in the Port of Richmond.

Chevron Products Company, which owns and operates the Refinery located in the City, applied for and received a Conditional Use Permit (CUP) and a Design Review Permit (DRP) to allow a $1.0 billion replacement of the existing hydrogen plant, power plant, and reformer. The equipment would improve the ability of the Refinery to process high-sulfur crude oil. The new equipment would improve refinery reliability, energy efficiency, and add environmental controls. The revised project is awaiting preparation of revised or new CEQA documentation.

Biotechnology. Biotechnology companies located in the City include ASI, Bio-Rad, Kaiser Laboratories, Onyx Pharmaceuticals, Sangamo Biosciences, and the State Department of Health.

Bio-Rad, a manufacturer of products for life science research and clinical diagnostics, leases 116,250 square feet of space in Richmond’s Pinole Point Business Park near Atlas Road on the Richmond Parkway.

Kaiser Laboratories handles more than 25,000 lab specimens daily in a 50,000 square foot facility located on Marina Way South in Richmond’s Marina District.

Transcept Pharmaceuticals, a specialty pharmaceutical company focused on development and commercialization of proprietary products that address therapeutic needs in the field of neuroscience, is located in an approximately 12,757 square foot facility in the Point Richmond area of the City.

Sangamo Biosciences, a worldwide leader in the design and development of engineered zinc finger DNA-binding proteins for gene regulation and gene modification, is located in a 127,500 square foot facility in the Point Richmond area of the City.

The State Department of Health Services operates a Public Health Laboratory in a state-of-the-art facility comprised of five buildings encompassing approximately 700,000 square feet in the Marina District.
Green and High Technology. Green-technology companies located in the City include SunPower, Polymers Systems, Heliodyne, Alion, PAX Water, Advanced Home Energy, Intellergy and MBA.

SunPower Systems, an international leader in design and manufacturing and distributor of high efficiency solar electric technology; has been operating in the City since 2007. SunPower System occupies 175,000 square feet in the refurbished, historic 520,000 square foot Ford Point Building in the Marina District.

Heliodyne, a leading US manufacturer of solar water heating equipment, has been located in the City since 1976 and occupies 4,298 square feet in the Southern Gateway area of the City off of Interstate-580.

"High tech" light industrial firms, research and development companies, biotechnology, and business park developments are growing industrial sectors in the City. Biotechnology, medical instruments, and computer software in particular are emerging sectors in the City’s economy.

A number of factors appear to be attracting the new high tech firms to the City:

- The ongoing development and leasing of light industrial/business park property at Hilltop and in the Marina District along Richmond's South Shoreline and the Richmond Parkway;
- Availability of fairly extensive vacant or underutilized land areas zoned for industrial use;
- Relatively lower land costs than elsewhere in the Bay Area;
- Richmond’s central location in western Contra Costa County, within a short distance of San Francisco, Oakland, other East Bay cities and Marin County, and a relatively easy commute to the State’s capitol, Sacramento;
- Proximity to the University of California at Berkeley, one of the major scientific universities and library systems in the world;
- Good access and transportation (two Interstate freeways Interstate 80 and Interest 580 are located within the city, the Richmond Parkway, Amtrak, the Bay Area Rapid Transit District (BART) System and AC Transit, as well as heavy rail and water transportation facilities, including Union Pacific and BNSF Railroads, Santa Fe western terminal, and the Port of Richmond); and
- Availability of affordable housing in a variety of neighborhoods, housing types and price ranges.

Among the high tech companies located within the City is Dicon Fiberoptics ("Dicon"). Dicon, a manufacturer of fiberoptic components, modules and test instruments. Dicon is located in an approximately 201,000 square foot corporate headquarters building, of which a portion is leased to the City to house the City’s Police Department. An approximately 130,000 square foot research facility is located on an approximately 28-acre campus located in the Marina District of the City.

Future Development. Completion of the John T. Knox Freeway in the early 1990’s (Interstate 580 extension from Interstate 80 at Albany to the Richmond/San Rafael Bridge) spurred new industrial and commercial development along the freeway corridor throughout the South Shoreline area of the City. Green and Cleantech companies, such as Advanced Home Energy and SunPower Solar have served as magnets to similar enterprises at stages of development: start up, research and development, emerging and mature. In addition to being the home of the 90-acre UC Field Station, the City is one of six finalists named by the Lawrence Berkeley National Laboratory (LBNL) for development of its second camps. LBNL is expected to make a decision on the preferred site in early 2012, with occupancy scheduled for 2016.
Development along the Richmond Parkway, which links the northern edge of Richmond (Interstate 80 at Hilltop) and the City's southwest corner (Interstate 580) and the Richmond San Rafael Bridge, opened up a large tract of industrially zoned area in the northwest area of the City. As the economy improves, the shoreline area of the City will be in stronger demand for residential and commercial development. Best practices will require intelligent and steady stewardship to strike the optimum balance between residential development, job creation, recreation and the creation of sales tax and tax increment creation. It will be important to think in terms of long-term impacts of land-use decisions rather than simply build whatever the market demands at a given time, since residential and commercial market demands at a given time, since residential and commercial markets experience upturns and downturns. Although development is preferable sooner rather than later, good judgment is required to ensure the greatest long-term benefit to the citizens of the City. Supporting goals include:

- Completing the transfer of title for the remainder of Point Molate from the Navy for the City and facilitate site clean-up and development.
- Facilitating site remediation and entitlements for the development of Campus Bay.
- Facilitating ferry service to Marina Bay, as well as related infrastructure and development to include a grade change on Marina Bay Parkway and increasing the density of residential and commercial development in the vicinity of the ferry terminal location.
- Continuing to attract and increase the density of development in accordance with the City’s General Plan.
- Development efforts continue for Campus Bay, an approximately 87 acre office/research and development campus to the south along Interstate 580 totaling 500,000 square feet, which is being developed by Simeon Properties.

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Employment

Table A-11 provides a listing of principal employers located in the City.

Table A-11
Principal Employers in the City
(As of February 2011)

<table>
<thead>
<tr>
<th>Employer Name</th>
<th>Product/Service</th>
<th>Estimated Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chevron</td>
<td>Oil Refinery</td>
<td>1,950</td>
</tr>
<tr>
<td>West Contra Costa Unified School District</td>
<td>Education</td>
<td>1,500</td>
</tr>
<tr>
<td>City of Richmond</td>
<td>Governmental Services</td>
<td>911(1)</td>
</tr>
<tr>
<td>Kaiser Permanente</td>
<td>Healthcare Services</td>
<td>786</td>
</tr>
<tr>
<td>Sunpower Corp.</td>
<td>Solar Panel Manufacturing</td>
<td>600</td>
</tr>
<tr>
<td>Inovis Inc.</td>
<td>Internet Services</td>
<td>499</td>
</tr>
<tr>
<td>Richmond Health Center</td>
<td>County Public Health Programs</td>
<td>350</td>
</tr>
<tr>
<td>Macy's</td>
<td>Department Store</td>
<td>300</td>
</tr>
<tr>
<td>California Autism Foundation, Inc.</td>
<td>Social Services</td>
<td>270</td>
</tr>
<tr>
<td>Galaxy Desserts</td>
<td>Wholesale Baking</td>
<td>250</td>
</tr>
<tr>
<td>Universal Building Services</td>
<td>Janitorial Services</td>
<td>245</td>
</tr>
<tr>
<td>Valley Health Care</td>
<td>Health Care Services</td>
<td>240</td>
</tr>
<tr>
<td>Grace Baking Company</td>
<td>Wholesale Baking</td>
<td>203</td>
</tr>
<tr>
<td>Bay Area Beverages Co.</td>
<td>Wholesale Beverages</td>
<td>200</td>
</tr>
<tr>
<td>Costco</td>
<td>Wholesale/Retail Goods</td>
<td>200</td>
</tr>
<tr>
<td>Health Net</td>
<td>Hospital and Medical Services Plans</td>
<td>200</td>
</tr>
<tr>
<td>U.S. Post Office</td>
<td>Post Office</td>
<td>200(2)</td>
</tr>
<tr>
<td>Target</td>
<td>Department Store</td>
<td>200</td>
</tr>
<tr>
<td>Wal-Mart</td>
<td>Department Store</td>
<td>150</td>
</tr>
<tr>
<td>Mechanics Bank</td>
<td>Banking</td>
<td>140</td>
</tr>
</tbody>
</table>

(1) Represents the number of budgeted, permanent full-time equivalent employees for Fiscal Year 2010-11.
(2) The United States Postal Service announced that the distribution center would be downsized and 85 employees would have the option to be reassigned to Southern California or be terminated.

Sources: City of Richmond and infoUSA.com, a service of infoGroup™.
The following Table A-12 compares estimates of the labor force, civilian employment and unemployment for the City, County, State and United States from 2006 through 2010.

<table>
<thead>
<tr>
<th>Year and Area</th>
<th>Labor Force</th>
<th>Civilian Employment</th>
<th>Unemployment</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>53,600</td>
<td>44,000</td>
<td>9,600</td>
<td>17.9%</td>
</tr>
<tr>
<td>County</td>
<td>522,200</td>
<td>463,500</td>
<td>58,700</td>
<td>11.2</td>
</tr>
<tr>
<td>State</td>
<td>18,176,200</td>
<td>15,916,300</td>
<td>2,259,900</td>
<td>12.4</td>
</tr>
<tr>
<td>United States</td>
<td>153,889,000</td>
<td>139,064,000</td>
<td>14,825,000</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>53,700</td>
<td>44,800</td>
<td>8,900</td>
<td>16.6</td>
</tr>
<tr>
<td>County</td>
<td>526,000</td>
<td>471,700</td>
<td>54,300</td>
<td>10.3</td>
</tr>
<tr>
<td>State</td>
<td>18,204,200</td>
<td>16,141,500</td>
<td>2,062,700</td>
<td>11.3</td>
</tr>
<tr>
<td>United States</td>
<td>154,142,000</td>
<td>139,877,000</td>
<td>14,265,000</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>2008</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>52,500</td>
<td>46,900</td>
<td>5,300</td>
<td>10.2</td>
</tr>
<tr>
<td>County</td>
<td>526,900</td>
<td>494,400</td>
<td>32,400</td>
<td>6.2</td>
</tr>
<tr>
<td>State</td>
<td>18,191,000</td>
<td>16,883,400</td>
<td>1,307,600</td>
<td>7.2</td>
</tr>
<tr>
<td>United States</td>
<td>154,287,000</td>
<td>145,362,000</td>
<td>8,924,000</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>2007</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>51,700</td>
<td>47,600</td>
<td>4,100</td>
<td>7.9</td>
</tr>
<tr>
<td>County</td>
<td>526,100</td>
<td>501,200</td>
<td>24,900</td>
<td>4.7</td>
</tr>
<tr>
<td>State</td>
<td>17,928,700</td>
<td>16,970,200</td>
<td>958,500</td>
<td>5.3</td>
</tr>
<tr>
<td>United States</td>
<td>153,124,000</td>
<td>146,047,000</td>
<td>7,078,000</td>
<td>4.6</td>
</tr>
<tr>
<td><strong>2006</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>50,700</td>
<td>47,100</td>
<td>3,600</td>
<td>7.2</td>
</tr>
<tr>
<td>County</td>
<td>518,500</td>
<td>496,300</td>
<td>22,200</td>
<td>4.3</td>
</tr>
<tr>
<td>State</td>
<td>17,686,700</td>
<td>16,821,300</td>
<td>865,400</td>
<td>4.9</td>
</tr>
<tr>
<td>United States</td>
<td>151,428,000</td>
<td>144,427,000</td>
<td>7,001,000</td>
<td>4.6</td>
</tr>
</tbody>
</table>

† Preliminary. Data is not seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.

Personal Income

The United State Department of Commerce, Bureau of Economic Analysis (the “BEA”) produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines “personal income” as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors’ income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau’s annual midyear population estimates.

Table A-13 below presents the latest available total personal income and per capita personal income for the City, the County, the State and the nation for the calendar years 2005 through 2009 (the most recent year for which annual data is available for the City, the County, the State and the nation).

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Table A-13
City of Richmond, Contra Costa County, State of California and United States
Personal Income\(^{(1)}\)
Calendar Years 2005 Through 2009\(^{(2)}\)

<table>
<thead>
<tr>
<th>Year and Area</th>
<th>Personal Income (millions of dollars)</th>
<th>Per Capita Personal Income (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2009(^{(2)})</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>$2,407</td>
<td>$24,781</td>
</tr>
<tr>
<td>County</td>
<td>59,044</td>
<td>56,703</td>
</tr>
<tr>
<td>State</td>
<td>1,566,999</td>
<td>42,395</td>
</tr>
<tr>
<td>United States</td>
<td>12,168,161</td>
<td>39,635</td>
</tr>
<tr>
<td><strong>2008(^{(1)})</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>2,651</td>
<td>25,967</td>
</tr>
<tr>
<td>County</td>
<td>59,711</td>
<td>58,228</td>
</tr>
<tr>
<td>State</td>
<td>1,604,155</td>
<td>43,853</td>
</tr>
<tr>
<td>United States</td>
<td>12,380,225</td>
<td>40,674</td>
</tr>
<tr>
<td><strong>2007(^{(1)})</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>2,203</td>
<td>23,767</td>
</tr>
<tr>
<td>County</td>
<td>58,044</td>
<td>57,438</td>
</tr>
<tr>
<td>State</td>
<td>1,566,400</td>
<td>43,240</td>
</tr>
<tr>
<td>United States</td>
<td>11,900,562</td>
<td>39,461</td>
</tr>
<tr>
<td><strong>2006(^{(3)})</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>2,124</td>
<td>22,126</td>
</tr>
<tr>
<td>County</td>
<td>55,319</td>
<td>55,247</td>
</tr>
<tr>
<td>State</td>
<td>1,495,533</td>
<td>41,567</td>
</tr>
<tr>
<td>United States</td>
<td>11,256,516</td>
<td>37,698</td>
</tr>
<tr>
<td><strong>2005(^{(3)})</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>2,054</td>
<td>22,326</td>
</tr>
<tr>
<td>County</td>
<td>51,534</td>
<td>51,572</td>
</tr>
<tr>
<td>State</td>
<td>1,387,661</td>
<td>38,767</td>
</tr>
<tr>
<td>United States</td>
<td>10,476,669</td>
<td>35,424</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Revised. Per capita income was computed using Census Bureau Midyear population estimates. Estimates for 2000-
2009 reflect population estimates available as of April 2010.

\(^{(2)}\) Most recent year for which annual data for the City, the County, the State and the nation is available.

Construction Activity

Table A-14 sets forth a five-year summary of building permit valuations and new dwelling units within the City.

### Table A-14
**City of Richmond**
**Building Permit Valuations**
**Calendar Years 2006 through 2010**
($ in Thousands)

| Year | Single Family | | Multifamily | | Value of Alterations and Additions | | Total Residential | | Nonresidential | | Total† |
|------|---------------|---|-------------|---|-------------------------------------|---|----------------|---|----------------|---|
|      | Units         | Valuation   | Units       | Valuation   | Additions                          | Valuation | Valuation      | Valuation  | Total           | Valuation |
| 2006 | 73            | $17,189     | 108         | $10,845     | $10,710                            | $38,744   | $39,793        | 70,107     | $78,537         |
| 2007 | 43            | 9,759       | 148         | 16,196      | 10,342                             | 36,297    | 33,810         | 70,107     | 72,614          |
| 2008 | 28            | 6,734       | 50          | 5,298       | 9,749                              | 21,781    | 50,833         | 72,614     | 93,383          |
| 2009 | 7             | 1,842       | 40          | 8,331       | 9,929                              | 20,102    | 73,282         | 93,383     |                 |
| 2010 | 70            | 24,271      | 49          | 3,826       | 12,859                             | 40,955    | 37,915         | 78,870     |                 |

† Total represents the sum of residential and nonresidential building permit valuations. Data may not total due to independent rounding.

Source: Construction Industry Research Board.

Community Facilities

Richmond area residents have access to modern health care facilities. The Richmond area has two general hospitals, Doctors Hospital in San Pablo and the Kaiser Hospital Facility, located in downtown Richmond. Richmond also has several convalescent hospitals. The Richmond area offers a variety of leisure, recreational and cultural resources, from boating, fishing and hiking, to live theater, golf, tennis and team athletics. Four regional parks are on the shoreline: Point Pinole, George Miller Jr./John T. Knox, Ferry Point and Point Isabel. The City operates a public marina (775 boat berths at Marina Bay), four large community parks (Point Molate Beach Park, Hilltop Lakeshore Park, Nicholl Park, and Marina Park and Green), 25 neighborhood parks ranging in size from one to 22 acres, many play lots and mini parks, and seven community centers.

In addition, the City operates a disabled person's recreation center, a sports facility, two senior centers (Richmond Senior Center and Richmond Annex Senior Center), the Richmond Museum, the Richmond Municipal Auditorium, the Richmond Swim Center, Coach Randolf Pool, the Washington Fieldhouse, the Veterans Memorial Auditorium, and the Richmond Public Library. The Richmond Art Center, a privately funded arts organization, is partly supported by the City of Richmond. Currently, only four of the City's recreation centers are operational.

Also in Richmond are several private yacht harbors, golf and country clubs, and community theaters. Within 30-45 minutes by BART or car are the cultural resources of other cities in the East Bay and Bay Area, including Oakland, Berkeley and San Francisco.

East Bay Regional Park District ("EBRPD") maintains one regional park, four regional shorelines, and one regional preserve within Richmond. One additional parkland facility, the 214-acre Kennedy Grove Regional Recreation Area, is located in an unincorporated area of the County bordering on the City at the
eastern end of El Sobrante Valley. The four regional shorelines presently owned and maintained by EBRPD represent a substantial portion of the City’s shoreline. The regional shorelines and Wildcat Canyon Park are used not only by residents of the City but also by the general public within the Bay Area region.

Transportation

The City is a central transportation hub in the Bay Area, offering convenient access throughout the region and well into central California. The City’s port facilities, railroads and proximity to international airports are complemented by a network of freeways and public transportation services.

Freeways. Existing and new highways have made travel to and through the City more efficient and convenient. Interstate 80, which passes through the City, is a direct route to Oakland, San Francisco, Vallejo, Fairfield and Sacramento. Interstate 580 provides continuous freeway access from Richmond’s South Shoreline area to East Bay communities and to Marin County and is stimulating new commercial, industrial and residential development along Richmond’s South Shoreline. Similarly, completion of the Richmond Parkway through North Richmond in 1996 improves vehicular access between Marin and communities to the north and east on Interstate 80, while opening major tracts of land along the City’s north shoreline for new development.

Port and Rail. The City’s deep water port is third largest in the State by annual tonnage, handling more than 20.8 million metric tons of general, liquid and dry bulk commodities each year. In 2009, the Port executed an agreement with American Honda Company whereby Honda agreed to import a minimum annual guarantee of 145,000 units per year through the Port for 15 years.

Regional Airports. Oakland International Airport (approximately 18 miles from the City) and San Francisco International Airport (approximately 28 miles from the City) provide the City with worldwide passenger and freight service. In addition, Buchanan Field Airport, located in the City of Concord, in central Contra Costa County, is 25 miles to the east of the City and Byron Airport, located in the unincorporated community of Byron, also in central Contra Costa County, each provide general aviation services.

Public Transit. The public is served by the San Francisco Bay Area Rapid Transit System ("BART") with a station conveniently located in downtown Richmond; AMTRAK passenger train service is available from a station adjacent to the Richmond BART station; and AC Transit offers local bus service within the City, to other East Bay communities and to San Francisco.

Utilities

Electric power and natural gas services to the City are supplied by Pacific Gas & Electric Co. Telephone services to the City are supplied by AT&T.

Water services to the City are supplied by East Bay Municipal Utility District ("EBMUD"). Approximately 89% of the EBMUD water supply is from the Mokelumne River watershed stored at the 69.4 billion gallon capacity Pardee Dam in Ione, California. EBMUD is entitled to 325 million gallons per day under a contract with the State Water Resources Control Board, plus an additional 119 million gallons per day in a single dry year under a contract with the U.S. Water and Power Resources Service (formerly the U.S. Bureau of Reclamation).

Sewer services to the City are supplied by West Contra Costa Sanitary District, Richmond Municipal Sewer District and Stege Sanitary District.
Education

The City comprises a portion of the attendance area of the West Contra Costa Unified School District, which comprises 36 elementary schools (18 of which are located in the City), seven middle and junior high schools (two of which are located in the City), and 14 senior high schools, alternative schools and continuation schools (six of which are located in the City) five charter schools and had total K-12 enrollment of approximately 29,842 students for Fiscal Year 2010-11, the most recent data available. In addition, private schools operate in the City and several institutions of higher education are located near the City, including the University of California at Berkeley, Contra Costa College, Diablo Valley College, Los Medanos College, the California Maritime Academy, California State University – East Bay, San Francisco State University, and the University of California at San Francisco.
APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE AMENDED AND RESTATED TRUST AGREEMENT
AND THE LOCAL OBLIGATION RESOLUTION

The following is a summary of certain provisions of the Amended and Restated Trust Agreement and the Local Obligation Resolution pertaining to the Bonds and is supplemental to the summary of other provisions of such documents contained elsewhere in this Official Statement. This summary is not intended to be definitive. Reference is directed to such documents for the complete text thereof. Copies of the such documents are available from the City.

Definitions

The following are definitions of certain of the terms used in the Amended and Restated Trust Agreement and this Official Statement, and not otherwise defined in this Official Statement. Reference is made to the entire documents for the definitions of all terms used in such documents. The following definitions are equally applicable to both the singular and plural forms of any of the terms defined in the Amended and Restated Trust Agreement:

“Accountant” shall mean an independent certified public accountant, or a firm of independent certified public accountants, selected by the Authority.

“Act” shall mean the Refunding Bond Act of 1984 for 1915 Improvement Act Bonds, being Division 11.5 of the California Streets and Highways Code, as amended and supplemented from time to time.

“Amended and Restated Trust Agreement” shall mean the Amended and Restated Trust Agreement executed and entered into as of December 1, 2011, by and among the Authority, the City and the Trustee, pursuant to which the Bonds are to be issued, as amended or supplemented from time to time in accordance with its terms.

“Annual Debt Service” shall mean, for each Bond Year, the sum of (1) the interest falling due on all Outstanding Bonds in such Bond Year, assuming that all Principal Installments are paid as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), and (2) the scheduled Principal Installments of the Outstanding Bonds payable in such Bond Year.

“Authority” shall mean the Richmond Joint Powers Financing Authority, a joint exercise of powers agency duly organized and existing under the laws of the State of California, and its successors.

“Authorized Denominations” shall mean five thousand dollars ($5,000) and any integral multiple thereof, but not exceeding the principal amount of Bonds maturing on any one date.

“Authorized Officer,” when used with reference to the Authority, shall mean the President, Vice President, Treasurer/Auditor or any other person authorized by the Authority in a Written Order or resolution to perform an act or sign a document on behalf of the Authority for the purposes of the Amended and Restated Trust Agreement, and when used with reference to the City, shall mean the City Manager or the Director of Finance or any other person authorized by the City in a Written Order or resolution to perform an act or sign a document on behalf of the City for the purposes of the Amended and Restated Trust Agreement.

“Average Annual Debt Service” shall mean the average Annual Debt Service over all Bond Years during which the Bonds are scheduled to remain Outstanding.

“Beneficial Owner” shall mean any Person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositaries or other intermediaries), or (b) is treated as the Owner of any Bonds.

“Bond” or “Bonds” shall mean any Bond or all of the Bonds, as the case may be, authorized and issued by the Authority and authenticated by the Trustee and delivered under the Amended and Restated Trust Agreement, which Bonds are secured by a pledge of Revenues.
“Bond Counsel” shall mean an attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions.

“Bond Register” shall mean the registration books specified as such in the Amended and Restated Trust Agreement.

“Bond Year” shall mean the twelve-month period terminating on September 2 of each year; provided, that the first Bond Year shall commence on the date of the execution, authentication and initial delivery of the Bonds.

“Business Day” shall mean any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banks in New York, New York, or the city in which the Corporate Trust Office of the Trustee is located are closed.

“City” shall mean the City of Richmond, a municipal corporation duly organized and existing under the Constitution and laws of the State of California, and its successors.

“City Manager” shall mean the person who is the duly appointed and acting City Manager of the City.


“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement by and between the City and Union Bank, N.A., in its capacity as Dissemination Agent dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Corporate Trust Office” shall mean the office of the Trustee in San Francisco, California, at which at any particular time its corporate trust business shall be administered, or such other office as it shall designate, except that with respect to presentation of Bonds for payment, transfer or exchange, such term shall mean care of the corporate trust office of the Trustee located in Los Angeles, California or such other office designated by the Trustee from time to time.

“Defeasance Obligations” shall mean (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated or (4) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively (or any combination thereof).

“Dated Date” shall mean the date of delivery of the Bonds.

“Depository” shall mean the securities depository acting as Depository pursuant to the Amended and Restated Trust Agreement.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

“Escrow Agent” shall mean Union Bank, N.A. or its successors or assigns under the Escrow Agreement.

“Escrow Agreement” shall mean that certain Escrow Agreement by and between the Authority and the Escrow Agent dated as of December 1, 2011.

“Event of Default” shall mean any event of default specified as such in the Amended and Restated Trust Agreement.

“Expenses” shall mean all costs of issuing the Bonds; all administrative costs of the Authority and the City that are charged directly or apportioned to the administration of the Local Obligations and the Bonds, such as
salaries and wages of employees, audits, overhead and taxes (if any); legal and financial consultant fees and expenses; amounts necessary to pay to the United States of America or otherwise to satisfy requirements of the Code in order to maintain the tax-exempt status of the Bonds; compensation, reimbursement and indemnification of the Trustee, together with all other reasonable and necessary costs of the Authority and the City or charges required to be paid by either of them to comply with the terms of the Amended and Restated Trust Agreement, the Bonds or the Local Obligations; all fees and costs incurred by the Authority or the City in the course of complying with requirements for continuing disclosure; and all reasonable fees, costs and expenses of a nature similar to any of the foregoing.

"Expense Fund" shall mean the fund by that name established pursuant to the Amended and Restated Trust Agreement.

"Fiscal Year" shall mean the fiscal year of the Authority, which at the date of the Amended and Restated Trust Agreement is the period commencing on July 1 in each calendar year and ending on June 30 in the following calendar year.

"Fund" or "Funds" shall mean any or all, as the case may be, of the Revenue Fund, the Expense Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Reserve Fund, the Proceeds Fund, the Local Obligation Fund, the Surplus Fund and the Rebate Fund, including all accounts therein.

"Government Obligations" shall mean and include any of the following securities: United States Treasury Obligations - State and Local Government Series (SLGS), and United States Treasury bills, notes and bonds.

"Information Services" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission or any successor agency thereto to receive reports and notices pursuant to the Securities and Exchange Commission Rule 15c2-12 as supplemented and amended from time to time, and any other service providing information with respect to the Prior Bonds.

"Interest Fund" shall mean the fund by that name established pursuant to the Amended and Restated Trust Agreement.

"Interest Payment Date" shall mean March 2 and September 2 in each year, commencing on March 2, 2012.

"Investment Securities" shall mean and include any of the following securities:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;

(ii) any certificates, receipts, securities or other obligations evidencing direct ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);


(iv) housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
(v) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department or instrumentality of the foregoing; provided that at the time of their purchase such obligations are rated in any of the three highest rating categories by a nationally recognized rating agency;

(vi) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vi) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (vi), as appropriate, and which have been rated in the highest long-term Rating Category of each nationally recognized rating agency then rating the Bonds;

(vii) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by a nationally recognized rating agency in its highest short-term Rating Category, or, if the term of such indebtedness is longer than three (3) years, rated by a nationally recognized rating agency in one of its two highest long-term rating categories, for comparable types of debt obligations;

(viii) demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee), provided that such certificates of deposit shall be purchased directly from such a bank, trust company or national banking association and shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities and obligations as are described above in clauses (i) through (v), inclusive, which shall have a market value (exclusive of accrued interest) determined at least monthly to be at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee or other fiduciary, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee shall be entitled to rely on each such undertaking;

(ix) taxable commercial paper, other than that issued by bank holding companies, or tax-exempt commercial paper, in either case rated in the highest short-term rating category by a nationally recognized rating agency;

(x) variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest Rating Category in respect to its short-term rating, if any, and in any of the two highest rating categories in respect to its long-term rating. If any, by a nationally recognized rating agency, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligation by the Trustee, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated in any of the two highest long-term rating categories by a nationally recognized rating agency;
(xi) any repurchase agreement with any bank or trust company organized under the laws of any state of
the United States of America or any national banking association (including the Trustee) having a minimum
permanent capital of seventy-five million dollars ($75,000,000) or government bond dealer reporting to, trading
with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by
any one or more of the securities and obligations described in clauses (i), (ii), (iii) or (iv) above, which shall have a
market value (exclusive of accrued interest and valued at least monthly) at least equal to the principal amount of
such investment and shall be lodged with the Trustee or other fiduciary, as custodian, by the bank, trust company,
national banking association or bond dealer executing such repurchase agreement, and the entity executing each
such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to it
that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least
monthly) will be an amount equal to the principal amount of each such repurchase agreement and the Trustee shall
be entitled to rely on each such undertaking;

(xii) any money market mutual fund, the entire investments of which are limited to investments
described in (i), (ii), (iii), (iv), (v) and (xi) of this definition of Investment Securities including funds for which the
Trustee or an affiliate provides investment advice or other services; provided that as used in this item (xii) and item
(xiii) investments will be deemed to satisfy the requirements of item (xi) if they meet the requirements set forth in
item (xi) ending with the words “clauses (i), (ii), (iii) or (iv) above” and without regard to the remainder of such item
(xi); and

(xiii) any investment agreement with a financial institution or insurance company which has at the date
of execution thereof any of the following rated in any of the two highest long-term rating categories by a nationally
recognized rating agency: (i) an outstanding issue of unsecured, uninsured and unguaranteed debt obligations, (ii) a
claims paying ability (or financial strength rating), or (iii) an outstanding issue of long term debt obligations issued
by a separate issuer but insured by said financial institution or insurance company.

(xiv) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of
the Government Code of the State of California which invests exclusively in investments permitted by Section
53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.

(xv) the Local Agency Investment Fund of the State of California.

“Law” shall mean the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5 of
Division 7 of Title 1 of the California Government Code, as amended and supplemented from time to time.

“Letter of Representations” shall mean the letter of the Authority and the Trustee, if required, delivered to
and accepted by the Depository on or prior to the issuance of the Bonds setting forth the basis on which the
Depository serves as depository for the Bonds, as originally executed or as it may be supplemented or revised or
replaced by a letter to a substitute depository.

“Local Obligation Fund” shall mean the fund by that name established pursuant to the Amended and
Restated Trust Agreement.

“Local Obligation Resolution” shall mean the resolution adopted by the City Council of the City on
May 20, 2003, providing for the issuance of the Local Obligations upon the security of the reassessments levied in
the reassessment district known as City of Richmond Reassessment District No. 2003-01.

“Local Obligations” shall mean the City of Richmond Limited Obligation Refunding Improvement Bonds,
Reassessment District No. 2003-01, issued upon the security of special reassessments pursuant to the Local
Obligation Resolution and the Act.

“Maximum Annual Debt Service” shall mean the largest Annual Debt Service during the period from the
date of such determination through the final maturity date of any Outstanding Bonds.
“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Amended and Restated Trust Agreement.

“Officer’s Certificate” shall mean a certificate signed by an Authorized Officer.

“Opinion of Bond Counsel” shall mean a legal opinion signed by Orrick, Herrington & Sutcliffe, LLP, or another nationally recognized Bond Counsel.

“Outstanding” shall mean, with respect to the Bonds and as of any date, the aggregate of Bonds authorized, issued, authenticated and delivered under the Amended and Restated Trust Agreement, except:

(a) Bonds canceled or surrendered to the Trustee for cancellation pursuant to the Amended and Restated Trust Agreement;
(b) Bonds deemed to have been paid pursuant to the Amended and Restated Trust Agreement; and
(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Amended and Restated Trust Agreement.

“Owner” shall mean, as of any date, the Person or Persons in whose name or names a particular Bond shall be registered on the Bond Register as of such date.

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

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Prepayment Account” shall mean the account by that name within the Revenue Fund established pursuant to the Amended and Restated Trust Agreement.

“President” shall mean the President of the Authority.

“Principal Fund” shall mean the fund by that name established pursuant to the Amended and Restated Trust Agreement.

“Principal Installment” shall mean, with respect to any Principal Payment Date, the principal amount of Outstanding Bonds due on such date, if any.

“Principal Payment Date” shall mean September 2 of each year commencing on September 2, 2012, and ending on the last day on which any Bonds are scheduled to mature.

“Reassessment Prepayments” shall mean that portion of Revenues which are paid to the City by or on behalf of the owner of a parcel subject to the reassessment obligation to accomplish a pay-off of the reassessment obligation pertaining to such parcel and the discharge of the reassessment lien respecting such parcel (except the portion thereof, if any, which represents accrued interest on the Local Obligations).

“Reassessment Revenues” shall mean all moneys collected and received by the City on account of unpaid reassessment obligations, including amounts collected in the normal course via direct billing by the City, Reassessment Prepayments, and amounts received by the City as a result of superior court foreclosure proceedings brought to enforce payment of delinquent reassessments, but excluding therefrom any amounts explicitly included therein on account of collection charges, administrative cost charges, or attorneys’ fees and costs paid as a result of foreclosure actions.

“Rebate Fund” shall mean the fund by that name established pursuant to the Amended and Restated Trust Agreement.
“Rebate Instructions” shall mean the calculations and directions required to be delivered to the Trustee by the Authority pursuant to the Tax Certificate.

“Rebate Requirement” shall mean the Rebate Requirement defined in the Tax Certificate.

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

“Redemption Fund” shall mean the fund by that name established pursuant to the Amended and Restated Trust Agreement.

“Reserve Fund” means the fund by that name established pursuant to the Amended and Restated Trust Agreement.

“Reserve Fund Credit” means the product of (i) a fraction the numerator of which is the principal amount of Local Obligations being prepaid pursuant to a property owner reassessment prepayment and the denominator of which is the total amount of outstanding Local Obligations immediately prior to the prepayment, times (ii) the difference of (A) the balance then on deposit in the Reserve Fund, less (B) the positive difference, if any, between the aggregate principal amount of the Bonds and the aggregate principal amount of the Local Obligations, that are Outstanding.

“Reserve Requirement” means the amount of $564,000, less the cumulative amount of Reserve Fund Credits applied to the redemption of Bonds pursuant to the Amended and Restated Trust Agreement.

“Revenue Fund” shall mean the fund by that name established pursuant to the Amended and Restated Trust Agreement.

“Revenues” shall mean the Reassessment Revenues and all other amounts received by the Trustee as the payment of interest or premiums on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments or Reassessment Prepayments or remedial proceedings taken in the event of a default thereon; and all investment earnings on any moneys held in the Funds established under the Amended and Restated Trust Agreement, except the Rebate Fund and the Surplus Fund.

“Secretary” shall mean the Secretary of the Authority.

“Special Record Date” shall mean the date established by the Trustee pursuant to the Amended and Restated Trust Agreement as a record date for the payment of defaulted interest on the Bonds.

“State” shall mean the State of California.

“Supplemental Trust Agreement” shall mean any trust agreement supplemental to or amendatory of the Amended and Restated Trust Agreement which is duly executed and delivered in accordance with the provisions of the Amended and Restated Trust Agreement.

“Tax Certificate” shall mean that certificate, relating to various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Authority and the City on the date the Bonds are issued, as the same may be amended or supplemented in accordance with its terms.

“Treasurer” shall mean the Treasurer/Auditor of the Authority.

“Trust Estate” shall have the meaning ascribed thereto in the granting clause of the Amended and Restated Trust Agreement.
“Trustee” shall mean Union Bank of California, N.A., a national banking association duly organized and existing under the laws of the United States of America, in its capacity as trustee under the Amended and Restated Trust Agreement, and any successor as trustee under the Amended and Restated Trust Agreement.

“Vice President” shall mean the Vice President of the Authority.

“Written Order,” when used with reference to the Authority, shall mean a written direction of the Authority to the Trustee signed by an Authorized Officer, and when used with reference to the City, shall mean a written direction of the City to the Trustee signed by an Authorized Officer.

SUMMARY OF THE AMENDED AND RESTATED TRUST AGREEMENT

REVENUES AND FUNDS FOR BONDS

Establishment of Funds. There is established with the Trustee, and the Trustee agrees to maintain, the following special trust funds for the Bonds, which the Trustee shall keep separate and apart from all other funds and moneys held by it: the Revenue Fund, the Interest Fund, the Principal Fund, the Expense Fund, the Redemption Fund, the Proceeds Fund, the Surplus Fund, the Reserve Fund, the Local Obligation Fund and the Rebate Fund.

Deposit of Proceeds of Bonds. The proceeds received from the sale of the Bonds and other funds received by the Trustee shall be applied by the Trustee pursuant to the Amended and Restated Trust Agreement.

Local Obligation Fund. All Local Obligations previously acquired by the Trustee pursuant to the Amended and Restated Trust Agreement shall be held in the Local Obligation Fund, which the Trustee shall establish and maintain.

Revenue Fund. All Revenues received by the Trustee, other than Revenues derived from Reassessment Prepayments (which shall be deposited in the Prepayment Account and administered pursuant to the Amended and Restated Trust Agreement), shall be deposited by the Trustee into the Revenue Fund.

Revenues Derived From Reassessment Prepayments.

(a) The Authority and the City acknowledge that the Act requires that amounts received by the City on account of Reassessment Prepayments shall be utilized, in accordance with the Act, for the sole purpose of prior redemption of Local Obligations, and not to pay current, scheduled debt service payments on the Local Obligations. Correspondingly, in order to maintain a proper matching between debt service payments on the Local Obligations and debt service payments on the Bonds, all Revenues received by the Trustee which constitute Reassessment Prepayments when received by the City shall be transferred to the Trustee and shall be utilized by the Trustee pursuant to the Amended and Restated Trust Agreement.

(b) All Revenues derived from Reassessment Prepayments received by the Trustee shall be immediately deposited in the Prepayment Account within the Revenue Fund, which account the Trustee agrees to establish and maintain. All other amounts on deposit in the Prepayment Account shall be transferred to the Redemption Fund to be used to redeem Bonds pursuant to the Amended and Restated Trust Agreement.

Interest Fund. The Trustee shall deposit in the Interest Fund before each Interest Payment Date from the Revenue Fund an amount of Revenues which together with any amounts then on deposit in the Interest Fund is equal to the interest on the Bonds due on such date. On each Interest Payment Date, the Trustee shall pay the interest due and payable on the Bonds on such date from the Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable.

Principal Fund. After satisfying the requirements for deposits in the Interest Fund, the Trustee shall deposit in the Principal Fund (i) before each March 2 from the Revenue Fund an amount of Revenues which is equal to one-half of
the principal amount of Bonds maturing on the next succeeding September 2 and (ii) before each September 2 from
the Revenue Fund an amount of Revenues which, together with any amounts then on deposit in the Principal Fund
(other than amounts previously deposited on account of any Bonds which have matured but which have not been
presented for payment), is sufficient to pay the Principal Installments on the Bonds when due on such Principal
Payment Date. The Trustee shall pay from amounts in the Principal Fund the Principal Installments when due upon
presentation and surrender of the Bonds.

Surplus Fund. After making the deposits required by the Amended and Restated Trust Agreement, the Trustee shall
deposit any moneys remaining in the Revenue Fund in the Surplus Fund. Amounts in the Surplus Fund (together
with any earnings thereon) shall be withdrawn on each September 3, commencing September 3, 2012 and
transferred to the Issuer and shall be used by the Issuer to pay the costs of public capital improvements as defined in
the Act.

Expense Fund. Amounts in the Expense Fund shall be applied by the Trustee to the payment of Expenses, including
costs of issuance for the Bonds, upon receipt of a Written Order of the Authority stating the Person to whom
payment is to be made, the amount and purpose of the payment and that the payment is a proper charge against the
Expense Fund. The Expense Fund shall be closed and all remaining amounts transferred to the Authority on
February 1, 2012.

Reserve Fund. (a) As soon as practicable before each Interest Payment Date, after making the deposits required by
the Amended and Restated Trust Agreement, the Trustee shall deposit into the Reserve Fund from the Revenue
Fund an amount of Revenues which, together with amounts then on deposit in the Reserve Fund, equals the Reserve
Requirement. Except as provided in subsections (b), (c) or (d) below, all moneys in the Reserve Fund shall be used
and withdrawn by the Trustee solely for the purpose of paying the interest on or the principal of or the redemption
premiums, if any, on the Bonds; but solely in the event that insufficient Revenues are received by the Trustee for
such purpose due to a default in the payment of amounts due with respect to the Refunding Obligation.

(b) If on any date moneys held in the Reserve Fund equal or exceed the amount necessary to redeem
all Outstanding Bonds plus any then-applicable premium on such Bonds, the Trustee shall liquidate the Investment
Securities in the Reserve Fund and deposit all such moneys in the Redemption Fund pursuant to the Amended and
Restated Trust Agreement to redeem Outstanding Bonds.

(c) The Trustee shall withdraw from the Reserve Fund the amount equal to the credit, if any,
calculated pursuant to the Amended and Restated Trust Agreement in connection with any redemption of Bonds and
shall deposit all such moneys in the Redemption Fund pursuant to the Amended and Restated Trust Agreement
to redeem Outstanding Bonds, and the Reserve Requirement shall be reduced by the amount of such transfer. If the
Local Obligations shall have been fully paid and discharged (or simultaneously with such payment), the Trustee
shall transfer all amounts in the Reserve Fund to the Redemption Fund for the purpose of redeeming Bonds pursuant
to the Amended and Restated Trust Agreement.

(d) The Trustee shall withdraw from the Reserve Fund any amounts on deposit therein in excess of
the Reserve Requirement and transfer such amounts to the Revenue Fund.

Redemption Fund. (a) All money held in or transferred to the Redemption Fund pursuant to the Amended and
Restated Trust Agreement shall be used for the purpose of redeeming or purchasing all or a portion of the
Outstanding Bonds pursuant thereto.

(b) The Trustee shall use amounts in the Redemption Fund for the payment of the redemption price of
Bonds called for redemption pursuant to the Amended and Restated Trust Agreement or the purchase price of Bonds
purchased pursuant thereto, together with accrued interest to the redemption or purchase date.

Rebate Fund. The Trustee agrees to establish and maintain a Fund separate from any other fund established and
maintained under the Amended and Restated Trust Agreement designated the Rebate Fund. The Trustee shall
deposit in the Rebate Fund, from funds made available by the Authority, the Rebate Requirement, all in accordance
with Rebate Instructions received from the Authority. The Trustee will apply moneys held in the Rebate Fund as
provided in the Amended and Restated Trust Agreement and according to written instructions provided by the Authority. Subject to the provisions of the Amended and Restated Trust Agreement, moneys held in the Rebate Fund are pledged to secure payments to the United States of America, and the Authority and the City and the Owners will have no rights in or claim to such moneys. The Trustee will invest all amounts held in the Rebate Fund in Investment Securities as directed in writing by the Authority and all investment earnings with respect thereto shall be deposited in the Rebate Fund.

Upon receipt of the Rebate Instructions required by the Tax Certificate to be delivered to the Trustee, the Trustee will remit part or all of the balance held in the Rebate Fund to the United States of America as so directed. In addition, if the Rebate Instructions so direct, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such Funds as the Rebate Instructions shall direct. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority including supplying all necessary information in the manner provided in the Tax Certificate to the extent such information is reasonably available to the Trustee, and shall have no liability or responsibility to monitor or enforce compliance by the Authority with the terms of the Tax Certificate.

Notwithstanding any other provision of the Amended and Restated Trust Agreement, the obligation of the Authority to remit the rebate amounts to the United States of America and to comply with all other requirements of the Amended and Restated Trust Agreement and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

SECURITY FOR AND INVESTMENT OF MONEY

Security. All money required to be deposited with or paid to the Trustee in any of the Funds (other than the Rebate Fund) referred to in any provision of the Local Obligation Resolution shall be held by the Trustee in trust, and except for money held for the payment or redemption of Bonds or the payment of interest on Bonds pursuant to the Amended and Restated Trust Agreement, shall, while held by the Trustee, constitute part of the Trust Estate and shall be subject to the lien and pledge created by the Amended and Restated Trust Agreement.

Investment of Funds. (a) So long as the Bonds are Outstanding and there is no default under the Amended and Restated Trust Agreement, money on deposit to the credit of the Redemption Fund, the Revenue Fund, the Interest Fund, the Principal Fund, the Reserve Fund, the Expense Fund and the Surplus Fund and all accounts within such Funds (other than amounts invested in Local Obligations) shall, at the request of an Authorized Officer specifying and directing that such investment of such money be made, be invested by the Trustee in Investment Securities having maturities or otherwise providing for availability of money when needed for purposes of the Amended and Restated Trust Agreement; provided that investments purchase with funds on deposit in the Reserve Fund shall have an average weighted term to maturity not greater than five years (for purposes of such calculation, investments which allow for withdrawals on any Interest Payment Date or any other date at par shall be deemed to have a term to maturity to the first permitted date of withdrawal at par), and money held in the Rebate Fund shall, at the request of an Authorized Officer specifying and directing that such investment of such money be made, be invested by the Trustee in Government Obligations having maturities or otherwise providing for availability of money when needed for purposes of the Amended and Restated Trust Agreement, and the Trustee shall be entitled to rely on such instructions for purposes of this section. The Trustee shall notify the Authority in writing prior to the date money held under the Amended and Restated Trust Agreement will be available for investment, requesting that the Authority deliver to the Trustee written instructions specifying the Investment Securities to be acquired by the Trustee with such money. The Authority, in issuing such written instructions, shall comply with the provisions of the Tax Certificate. In the absence of written instructions from the Authority regarding investment, such money shall be invested in investments described in clause (xii) of the definition of Investment Securities. The City and the Authority acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City or Authority the right to receive brokerage confirmations of security transactions as they occur, the City and the Authority specifically waive receipt of such confirmations to the extent permitted by law. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investments. The Trustee shall furnish the City and the Authority periodic cash transaction statements (at least monthly) which include detail for all investment transactions made by the Trustee under the Amended and Restated Trust Agreement, which statements shall include the amount of all brokerage commissions or other fees, whether charged by the Trustee or a third party.
(b) Notwithstanding anything to the contrary contained in the Amended and Restated Trust Agreement, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the Fund from which such accrued interest was paid. The Trustee shall not be responsible for any losses or consequences of any investment if it follows such instructions in good faith. Notwithstanding anything to the contrary, the Trustee shall have no obligation or responsibility to determine whether investment in a security is permitted by the laws of the State and the City's Investment Policy, and shall be entitled to assume that any investment it is directed to make is so permitted and is an Investment Security as defined in the Amended and Restated Trust Agreement.

The securities purchased with the money in each Fund shall be deemed a part of such Fund. If at any time it shall become necessary or appropriate that some or all of the securities purchased with the money in any Fund be redeemed or sold in order to raise money necessary to comply with the provisions of the Amended and Restated Trust Agreement, the Trustee shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same. The Trustee shall not be liable or responsible for any consequences resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as authorized pursuant to the Amended and Restated Trust Agreement.

Investments in the Revenue Fund, the Interest Fund, the Principal Fund, the Reserve Fund, the Redemption Fund, the Expense Fund and the Surplus Fund may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions in the Amended and Restated Trust Agreement for transfer to or holding in particular Funds amounts received or held by the Trustee; provided, that the Trustee shall at all times account for such investments strictly in accordance with the Funds to which they are credited and otherwise as provided in the Amended and Restated Trust Agreement.

(d) All earnings on the investment of the money on deposit in any Fund shall remain a part of such Fund; provided, that in the event the amount on deposit in the Reserve Fund is equal to the Reserve Requirement, then earnings on the investment of money on deposit in the Reserve Fund shall be transferred to the Revenue Fund, said transfer to be made on each March 2 and September 2 after the payment of all amounts required to be paid on such dates pursuant to the Amended and Restated Trust Agreement.

COVENANTS OF THE AUTHORITY AND THE CITY

Payment of Bonds; No Encumbrances. The Authority shall cause the Trustee to promptly pay, from Revenues and other funds derived from the Trust Estate pledged under the Amended and Restated Trust Agreement, the principal of and redemption premium, if any, on and the interest on every Bond issued under and secured at the place, on the dates and in the manner specified in the Amended and Restated Trust Agreement and in such Bonds according to the true intent and meaning thereof. The Authority shall not issue any bonds, notes or other evidences of indebtedness or incur any obligations payable from or secured by the Trust Estate, other than the Bonds.

Enforcement and Amendment of Local Obligations; No Additional Local Obligations. The Authority, the City and the Trustee, subject to the provisions of the Amended and Restated Trust Agreement, shall enforce all of their rights with respect to the Local Obligations to the fullest extent necessary to preserve the rights and protect the security of the Owners under the Amended and Restated Trust Agreement.

The Authority, the City and the Trustee may, without the consent of or notice to the Owners of the Bonds, consent to any amendment, change or modification of any Local Obligation that may be required (a) to conform to the provisions of the Amended and Restated Trust Agreement (including any modifications or changes contained in any Supplemental Trust Agreement), (b) for the purpose of curing any ambiguity or inconsistency or formal defect or omission, (c) to add additional rights acquired in accordance with the provisions of such Local Obligation, (d) in connection with any other change therein which is not to the material prejudice of the Trustee or the Owners of the Bonds pursuant to an Opinion of Bond Counsel, or (e) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Local Obligation or the Bonds from federal income taxes or the exemption of such interest from State personal income taxes.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority, the City nor the Trustee shall consent to any amendment, change or modification of any Local Obligation
without the mailing of notice and the written approval or written consent of the registered owners of not less than a majority in aggregate principal amount of Bonds at the time Outstanding given and procured as provided in the Amended and Restated Trust Agreement. If at any time the Authority and the City, as the case may be, shall request the consent of the Trustee to any such proposed amendment, change or modification of a Local Obligation, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided by the Amended and Restated Trust Agreement. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file with the Trustee for inspection by all Owners. Nothing contained in the Amended and Restated Trust Agreement shall be construed to prevent the Trustee, with the consent of the Authority and the City, from settling a default under any Local Obligation on such terms as the Trustee may determine to be in the best interests of the Owners.

Notwithstanding any other provision of the Amended and Restated Trust Agreement, of the Local Obligation Resolution or of the Act, the City shall not issue or cause to be issued any additional bond, note, local obligation or evidence of indebtedness secured by the reassessments securing the Local Obligations.

Tax Covenants.

(a) The Authority and the City will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. The Authority and the City will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority or take or omit to take any action that would cause the Bonds to be “private activity bonds” within the meaning of Section 141(a) of the Code or obligations which are “federally guaranteed” within the meaning of Section 149(b) of the Code. The Authority will not allow ten per cent (10%) or more of the proceeds of the Bonds to be used in the trade or business of any nongovernmental units and will not lend five per cent (5%) or more of the proceeds of the Bonds to any nongovernmental units.

(b) The Authority and the City will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, the Authority and the City will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In the event that at any time the Authority is of the opinion that for it is necessary to restrict or to limit the yield on the investment of any money held by the Trustee under the Amended and Restated Trust Agreement, the Authority will so instruct the Trustee in writing, and the Trustee will take such actions as directed by such instructions.

(c) The Authority will pay or cause to be paid the Rebate Requirement as provided in the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Authority will cause the Rebate Requirement to be deposited in the Rebate Fund as provided in the Tax Certificate.

The Trustee will conclusively be deemed to have complied with the provisions of the Amended and Restated Trust Agreement and the provisions of the Tax Certificate if it follows the directions of the Authority set forth in the Tax Certificate and the Rebate Instructions and shall not be required to take any actions under the Amended and Restated Trust Agreement in the absence of Rebate Instructions from the Authority.

(d) Notwithstanding any provision of the Amended and Restated Trust Agreement, if the Authority shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under the Amended and Restated Trust Agreement is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest with respect to the Bonds, the Trustee and the Authority and the City may conclusively rely on such opinion in complying with the requirements of the Amended and Restated Trust Agreement, and the covenants under the Amended and Restated Trust Agreement shall be deemed to be modified to that extent.

(e) The provisions of the Amended and Restated Trust Agreement shall survive the defeasance of the Bonds.
Maintenance of Existence. The Authority shall maintain the existence, powers and authority of the Authority as a joint exercise of powers authority under the laws of the State.

Financial Statements. The Authority shall file with the Trustee within one hundred eighty (180) days of the end of each Fiscal Year a complete, separate financial statement (including a balance sheet and a statement of revenues and expenses) together with the report and opinion of an Accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such Accountant’s examination was performed in accordance with generally accepted auditing standards. The Trustee shall have no duty to review or examine such financial statements.

Continuing Disclosure. Pursuant to the Local Obligation Resolution, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the Owners of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. Notwithstanding any other provision of the Amended and Restated Trust Agreement, failure of the City or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, that any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Local Obligation Resolution.

Redemption Funds for the Local Obligations.

(a) The City expressly acknowledges that, pursuant to the Act and the Local Obligation Resolution pursuant to which the Local Obligations are being issued by the City and sold to the Authority, the City is legally obligated to establish and maintain a separate redemption fund for the Local Obligations (the “Local Obligation Redemption Fund”) and, so long as any part of the Local Obligations remains outstanding, to deposit into the Local Obligation Redemption Fund, upon receipt, any and all Reassessment Revenues received by the City. The City further acknowledges that, pursuant to the Act and the Local Obligation Resolution, no temporary loan or other use whatsoever may be made of the Reassessment Revenues, and the Local Obligation Redemption Fund constitutes a trust fund for the benefit of the owners of the Local Obligations.

(b) The City covenants for the benefit of the Authority, as owner of the Local Obligations, the Trustee, as assignee of the Authority with respect to the Local Obligations, and the Owners from time to time of the Bonds, that it will establish, maintain and administer the Local Obligation Redemption Fund and the Reassessment Revenues in accordance with their status as trust funds as prescribed by the Act, the Local Obligation Resolution, and the Amended and Restated Trust Agreement.

(c) The City further covenants that, no later than ten (10) Business Days prior to each Interest Payment Date and Principal Payment Date of the Bonds, the City will advance to the Trustee against payment on the Local Obligations, as assignee of the Authority with respect to the Local Obligations, the interest due on the Local Obligations on such Interest Payment Date and the principal of all Local Obligations maturing on such Principal Payment Date, respectively, and upon receipt by the Trustee, such amounts shall constitute Revenues. The Trustee shall provide written notice to the Authority no later than February 1 and August 1 of each year during which the Bonds remain outstanding specifying the amount of principal and interest on the Local Obligations required to be paid to the Trustee pursuant to the Amended and Restated Trust Agreement in each such month. The obligation of the City to make payments on the Local Obligations as provided under the Amended and Restated Trust Agreement shall not be conditioned upon the City’s receipt of any notice from the Trustee.

DEFAULTS AND REMEDIES

Events of Default. The following shall constitute “Events of Default” under the Amended and Restated Trust Agreement:

(a) if payment of interest on the Bonds shall not be made when due; or

(b) if payment of any Principal Installment shall not be made when due and payable, whether at maturity, by proceedings for redemption, or otherwise; or
(c) if the Authority or the City shall fail to observe or perform in any material way any other agreement, condition, covenant or term contained in the Trust Agreement on its part to be observed or performed, and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Authority or the City, as the case may be, by the Trustee provided, that if such default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or the City within the applicable period and diligently pursued until the default is corrected subject to any directions or limitations of time established by the Trustee.

**Procedures by Trustee; No Acceleration.** Upon the happening and continuance of any Event of Default the Trustee shall (but only if indemnified to its satisfaction from any liability, expenses or costs), do the following:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, including the right to receive and collect the Revenues;

(b) bring suit upon or otherwise enforce any defaulting Local Obligation;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;

(d) as a matter of right, have a receiver or receivers appointed for the Trust Estate and of the earnings, income, issues, products, profits and revenues thereof pending such proceedings, with such powers as the court making such appointment shall confer; and

(e) take such action with respect to any and all Local Obligations or Investment Securities as the Trustee shall deem necessary and appropriate, and to the terms of such Local Obligations or Investment Securities.

The Trustee shall have no right to declare the principal of all of the Bonds then Outstanding, or the interest accrued thereon, to be due and payable immediately.

**Effect of Discontinuance or Abandonment.** In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Trustee and the Owners shall be restored to their former positions and rights under the Amended and Restated Trust Agreement, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

**Rights of Owners.** (a) Subject to the limitations and restrictions as to the rights of the Owners contained in the Amended and Restated Trust Agreement, upon the happening and continuance of any Event of Default, the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, have the right to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Amended and Restated Trust Agreement.

The Trustee may refuse to follow any direction that conflicts with law or with the Amended and Restated Trust Agreement or that the Trustee determines is prejudicial to rights of Owners or would subject the Trustee to personal liability without adequate indemnification therefor.

**Restriction on Owner's Action.** In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in the Amended and Restated Trust Agreement, no Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Amended and Restated Trust Agreement, or any other remedy under the Amended and Restated Trust Agreement or on the Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as provided in the Amended and Restated Trust Agreement and unless the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the
right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Amended and Restated Trust Agreement, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case to be conditions precedent to the execution of the trusts of the Amended and Restated Trust Agreement or for any other remedy thereunder, it being understood and intended that no one or more Owners of the Bonds secured by the Amended and Restated Trust Agreement shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Amended and Restated Trust Agreement, or to enforce any rights under the Amended and Restated Trust Agreement or under the Bonds, except in the manner provided in the Amended and Restated Trust Agreement, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Amended and Restated Trust Agreement, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of the Amended and Restated Trust Agreement. Notwithstanding the foregoing provisions of the Amended and Restated Trust Agreement, the obligation of the Authority shall be absolute and unconditional to pay, but solely from the Trust Estate, the principal of and the redemption premiums, if any, on and the interest on the Bonds to the respective Owners thereof at the respective due dates thereof, and nothing in the Amended and Restated Trust Agreement shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

**Power of Trustee to Enforce.** All rights of action under the Amended and Restated Trust Agreement or under any of the Bonds secured by the Amended and Restated Trust Agreement which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceedings instituted by the Trustee shall be brought in its own name, as Trustee, for the equal and ratable benefit of the Owners subject to the provisions of the Amended and Restated Trust Agreement.

**Remedies Not Exclusive.** No remedy in the Amended and Restated Trust Agreement conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Amended and Restated Trust Agreement or now or thereafter existing at law or in equity or by statute.

**Waiver of Events of Default; Effect of Waiver.** Upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding Bonds, the Trustee shall waive any Event of Default under the Amended and Restated Trust Agreement and its consequences. The Trustee may waive any Event of Default under the Amended and Restated Trust Agreement and its consequences at any time. If any Event of Default shall have been waived as provided in the Amended and Restated Trust Agreement, the Trustee shall promptly give written notice of such waiver to the Authority and the City and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default, or impair any right or remedy consequent thereon.

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

**Application of Money.** Any money received by the Trustee pursuant to the Amended and Restated Trust Agreement shall, after payment of all fees and expenses of the Trustee, and the fees and expenses of its counsel incurred in the performance of its duties under the Amended and Restated Trust Agreement enforcing the rights and remedies of the Owners, be applied as follows:

(a) unless the principal of all of the Outstanding Bonds shall be due and payable,
FIRST - To the payment of the Owners entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND - To the payment of the Owners entitled thereto of the unpaid principal of and redemption premiums, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which money is held pursuant to the provisions of the Amended and Restated Trust Agreement) in the order of their due dates, and if the amount available shall not be sufficient to pay in full the principal of and redemption premiums, if any, on such Bonds due on any particular date, then to the payment ratably, according to the amount due on such date, to the Owners entitled thereto without any discrimination or privilege; and

THIRD - To be held for the payment to the Owners entitled thereto as the same shall become due of the principal of and redemption premiums, if any, on and interest on the Bonds which may thereafter become due, either at maturity or upon call for redemption prior to maturity, and if the amount available shall not be sufficient to pay in full such principal and redemption premiums, if any, due on any particular date, together with interest then due and owing thereon, payment shall be made in accordance with the FIRST and SECOND paragraphs of the Amended and Restated Trust Agreement.

(b) if the principal of all of the Outstanding Bonds shall be due and payable, to the payment of the principal and redemption premiums, if any, and interest then due and unpaid upon the Outstanding Bonds without preference or priority of any of the principal of or the redemption premium, if any, on any Outstanding Bond over any other Outstanding Bond or of any interest on any Outstanding Bond over any other Outstanding Bond, ratably, according to the amounts due respectively for principal and redemption premiums, if any, and interest, to the Owners entitled thereto without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding Bonds.

(c) Whenever money is to be applied pursuant to the provisions of the Amended and Restated Trust Agreement, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. The Trustee shall give, by mailing by first class mail as it may deem appropriate, such notice of the deposit with it of any such money.

SUPPLEMENTAL TRUST AGREEMENTS

Supplemental Trust Agreements With Consent of Owners. Any modification or alteration of the Amended and Restated Trust Agreement or of the rights and obligations of the Authority, the City or the Owners of the Bonds may be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of Bonds the consent of the Owners of which is required for any such modification or alteration, or permit the creation by the Authority or the City of any lien prior to or on a parity with the lien of the Amended and Restated Trust Agreement upon the Trust Estate or which will affect the times, amounts and currency of payment of the principal of or the redemption premiums, if any, on or the interest on the Bonds or affect the rights, duties or obligations of the Trustee without the consent of the party affected thereby.

Supplemental Trust Agreements Without Consent of Owners. The Authority and the City may, without the consent of the Owners, enter into a Supplemental Trust Agreement or Supplemental Trust Agreements, which thereafter shall form a part of the Amended and Restated Trust Agreement, and for any one or more of the following purposes:

(a) to add to the agreements and covenants of the Authority or the City contained in the Amended and Restated Trust Agreement other agreements and covenants thereafter to be observed, or to surrender any right or power in the Amended and Restated Trust Agreement reserved to or conferred upon the Authority or the City; provided, that no such agreement, covenant or surrender shall materially adversely affect the rights of any Owner;
(b) to cure any ambiguity, to supply any omission or to cure, correct or supplement any defect or inconsistent provisions contained in the Amended and Restated Trust Agreement or in any Supplemental Trust Agreement;

(c) to make any change which does not materially adversely affect the rights of any Owner;

(d) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority;

(e) to subject additional collateral to the Amended and Restated Trust Agreement or to add other agreements of the Authority or the City;

(f) to modify the Amended and Restated Trust Agreement or the Bonds to permit qualification of the Amended and Restated Trust Agreement under the Trust Indenture Act of 1939, as amended, or any similar statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States of America;

(g) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion from gross income for federal income tax purposes under the Code of the interest on the Bonds or the exemption of such interest from State personal income taxes; or

(h) to evidence the succession of a successor Trustee.

The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment of the Amended and Restated Trust Agreement any particular Bond would be affected by any amendment of the Amended and Restated Trust Agreement, and any such determination shall be binding and conclusive on the Authority, the City and all Owners of Bonds. For all purposes of the Amended and Restated Trust Agreement, the Trustee shall be entitled to rely upon and shall be fully protected in relying upon an Opinion of Bond Counsel, in form and substance satisfactory to it, with respect to the extent, if any, to which any action affects the rights under the Amended and Restated Trust Agreement of any Owner.

DEFEASANCE

Defeasance. If and when the Bonds secured shall become due and payable in accordance with their terms or through redemption proceedings as provided in the Amended and Restated Trust Agreement, or otherwise, and the whole amount of the principal and the redemption premiums, if any, and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under the Amended and Restated Trust Agreement by the Authority, including all fees and expenses of the Trustee, then and in that case, the Amended and Restated Trust Agreement and the lien created shall be completely discharged and satisfied and the Authority and the City shall be released from the respective agreements, conditions, covenants and terms of the Authority and the City contained in the Amended and Restated Trust Agreement, and the Trustee shall assign and transfer all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances and shall execute such documents as may be reasonably required by the Authority or the City in this regard.

Notwithstanding the satisfaction and discharge of the Amended and Restated Trust Agreement, those provisions relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners, and the Trustee shall continue to be obligated to hold in trust any money or investments then held by the Trustee for the payment of the principal of and redemption premiums, if any, on and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payments become due, and those provisions of the Amended and Restated Trust Agreement relating to the compensation and indemnification of the Trustee and relating to the tax covenants of the Authority and the City shall remain in effect and shall be binding upon the Trustee, the Authority and the City.

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Bonds Deemed to Have Been Paid. If money shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest installments therefor at the maturity or redemption date thereof, such Bonds shall be deemed to be paid within the meaning and with the effect provided in the Amended and Restated Trust Agreement. Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the Amended and Restated Trust Agreement if (a) in case any Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail notice of redemption of such Bonds on such redemption date, such notice to be given in accordance with the provisions of the Amended and Restated Trust Agreement, (b) there shall have been deposited with the Trustee in escrow either money in an amount which (as stated in a Written Order) shall be sufficient, or noncallable Defeasance Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the money, if any, deposited with or held by the Trustee at the same time, shall be sufficient to pay when due the principal of and the redemption premiums, if any, and the interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c) in the event any of such Bonds are not to be redeemed within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to the Amended and Restated Trust Agreement, a notice to the Owners of such Bonds and to the Securities Depositories and the Information Services that the deposit required by paragraph (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Amended and Restated Trust Agreement and stating the maturity dates or redemption dates upon which money is to be available for the payment of the principal of and redemption premiums, if any, on and interest on such Bonds, (d) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity date ("Verification"), (e) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer), and (f) an Opinion of Bond Counsel to the effect that the Bonds are no longer "Outstanding" under the Amended and Restated Trust Agreement. Each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority and the Trustee.

Neither the securities nor money deposited with the Trustee pursuant to the Amended and Restated Trust Agreement nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and redemption premiums, if any, on and interest on such Bonds; provided, that any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and at the direction of the Authority, be reinvested in Defeasance Obligations maturing at times and in amounts, together with the other money and payments with respect to Defeasance Obligations then held by the Trustee pursuant to the Amended and Restated Trust Agreement, sufficient to pay when due the principal of and redemption premiums, if any, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a Written Order so directing, be paid over to the Authority as received by the Trustee free and clear of any trust, lien or pledge.

MISCELLANEOUS

Dissolution of Authority. In the event of the dissolution of the Authority, all the agreements, conditions, covenants and terms contained in the Amended and Restated Trust Agreement by or on behalf of, or for the benefit of, the Authority shall bind or inure to the benefit of the successors of the Authority from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Authority shall be transferred.

Limitation of Liability. The Authority shall not be obligated to make any payments required under the Amended and Restated Trust Agreement or under any Bond, or be deemed to incur any liability under the Amended and Restated Trust Agreement or by reason of the Amended and Restated Trust Agreement or arising out of any of the transactions contemplated thereby, payable from any funds or assets other than the Trust Estate as provided in the Amended and Restated Trust Agreement.

Unclaimed Money. Anything contained in the Amended and Restated Trust Agreement to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on, or
principal or redemption premiums, if any, of any Bond which remains unclaimed for two (2) years after the date when such amounts have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date such amounts have become payable, shall be paid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for the payment of such amounts; provided, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, give notice by first class mail to all Owners and to those Securities Depositaries and Information Services selected by it pursuant to the Amended and Restated Trust Agreement that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Authority.

SUMMARY OF THE LOCAL OBLIGATION RESOLUTION

On May 20, 2003, the City Council of the City of Richmond (the "Local Agency") adopted its Resolution No. 82-03 approving and confirming the Reassessment Report on the levy of reassessments and the refunding of its outstanding Limited Obligation Refunding Improvement Bonds, Reassessment District No. 855 (Atlas Road West and Interchange) (the "Prior Obligations") and its Resolution No. 83-03 (the "Local Obligation Resolution") authorizing the issuance of the City of Richmond Limited Obligation Refunding Improvement Bonds, Reassessment District No. 2003-01 (the "Refunding Bonds") for the purpose of refunding the unmatured portion of the Prior Obligations then outstanding under and pursuant to the conditions and terms of the Refunding Act of 1984 for 1915 Improvement Act Bonds, being Division 11.5 of the California Streets and Highways Code (the "1984 Act"), and providing for the levy and collection of reassessments as security for the Refunding Bonds.

Issuance of Refunding Bonds. The Refunding Bonds were issued and were secured by the unpaid reassessments and the original reassessment installments levied and collected for fiscal year 2002-2003 in accordance with the provisions of the Refunding Act to provide means for refunding the outstanding Prior Obligations, including the payment of all costs of issuing the Refunding Bonds. The Refunding Bonds were issued as set forth in the Limited Obligation Resolution and were known as the “City of Richmond Limited Obligation Refunding Improvement Bonds, Reassessment District No. 2003-01” or the “Local Obligations.” The Refunding Bonds were issued as fully registered bonds in the aggregate principal amount as set forth in the Local Obligation Purchase Contract in the denomination of $1 or any integral multiple of $1 (the “Authorized Denomination”) (except possibly for the first numbered Refunding Bond, which might be an odd amount if the aggregate principal amount was not evenly divided by $1), as determined by the registered owners thereof (not exceeding the principal amount of Refunding Bonds maturing at any one time), were dated their date of delivery, and mature and bear interest as provided in the Local Obligation Resolution.

The Refunding Bonds were initially issued and registered in the name of the Union Bank of California, N.A., as trustee, as assignee of the Authority, and were initially issued as one Local Obligation for each maturity, as authorized in the Local Obligation Resolution.

The Refunding Bonds bore interest from the interest payment date next preceding the date of authentication and registration thereof, unless such date of authentication and registration was on a day during the period from the sixteenth (16th) day of the month next preceding an interest payment date to such interest payment date, both inclusive, in which event they would bear interest from such interest payment date, or unless such date of authentication and registration was on a day on or before the fifteenth (15th) day of the month next preceding the first interest payment date, in which event they would bear interest from their dated date. Such interest was payable on September 2, 2003, and thereafter semiannually on September 2 and March 2 of each year until and at the respective maturity dates of the Refunding Bonds.

The interest on and principal of and redemption premiums, if any, on the Refunding Bonds are payable in lawful money of the United States of America at the office of the Director of Finance of the City (the “Paying Agent”) at 450 Civic Center Plaza, Richmond, California. Payment of the interest on the Refunding Bonds due on or before the maturity or prior redemption thereof is made by check mailed to the registered owners of the Refunding Bonds at their addresses as they appear at the close of business as of the fifteenth (15th) day of the month.
prior to each such interest payment date on the registration books maintained by the Paying Agent, and payment of
the principal of and redemption premiums, if any, on the Refunding Bonds is made only upon surrender thereof by
the registered owners thereof on their maturity dates or on redemption prior to maturity to the Paying Agent;
provided that, for the period during which the Authority is the registered owner of the Refunding Bonds, payment of
the principal of and the interest and redemption premiums, if any, on the Refunding Bonds is paid on each March 2
and September 2 payment date by wire transfer to the party specified in writing by the Authority to the Paying
Agent.

The City Council does not and will not obligate itself to advance funds from the City treasury to cure any
deficiency which may occur at any time in the Redemption Fund created in the Local Obligation Resolution.

Optional Redemption. Any Refunding Bond may be redeemed in whole on any date or in part on the
second day of March or September in any year (each an “Interest Payment Date”) in integral multiples of $1 of the
Refunding Bonds, at the option of the City, upon payment of the principal amount thereof and interest accrued
thereon to the date of redemption, together with a redemption premium equal to three percent (3%) of such principal
amount redeemed. The City shall proceed pursuant to Part 11.1 of the Improvement Bond Act of 1915 (the “1915
Act”) in determining those Refunding Bonds or portions thereof to be redeemed and the manner of the redemption
thereof, and notice of advance redemption of any Refunding Bond shall be given by the City as provided in the 1915
Act.

Redemption from Prepayments. The Refunding Bonds may be redeemed, in whole or in part, on any
Interest Payment Date, from and to the extent of any prepayment of reassessments, at the redemption price of the
principal amount of the Refunding Bonds to be redeemed and accrued interest thereon to the date fixed for
redemption, together with a premium equal to three percent (3%) of such principal amount; provided that the City
shall proceed pursuant to Part 11.1 of the Improvement Bond Act of 1915 in determining those Bonds to be
redeemed and the manner of the redemption thereof. The City shall notify the Paying Agent in writing at least forty-
five (45) days prior to the date of such redemption from prepayments.

Notice of Redemption. The Paying Agent on behalf and at the expense of the City shall mail (by first class
mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective
addresses appearing on the Registration Books maintained by the Paying Agent, at least thirty (30) but not more than
sixty (60) days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption
date, the redemption place and the redemption price, the Refunding Bond numbers and the maturity or maturities
(except in the event of redemption of all of the Refunding Bonds of such maturity or maturities in whole) of the
Refunding Bonds to be redeemed, and shall require that such Refunding Bonds be then surrendered at the office of
the Director of Finance of the City for redemption at the redemption price, giving notice also that further interest on
such Refunding Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive
any notice so mailed, nor any defect in such notice, shall affect the sufficiency of the proceedings for the redemption
of the Refunding Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

Selection of Refunding Bonds for Redemption. Whenever provision is made in the Local Obligation
Resolution for the redemption of less than all of the Refunding Bonds, the Paying Agent shall select the Refunding
Bonds to be redeemed from all Refunding Bonds not previously called for redemption, in Authorized
Denominations, by lot, in any manner which the Paying Agent in its sole discretion shall deem appropriate and fair.
Upon surrender of any Refunding Bonds redeemed in part only, the City shall execute and the Paying Agent shall
authenticate and deliver to the Owner thereof, at the expense of the City, a new Refunding Bond or Refunding
Bonds of Authorized Denominations equal in aggregate principal amount representing the unredeemed portion of
the Refunding Bonds surrendered.

Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the redemption
(including the interest to the applicable date fixed for redemption and including any applicable premium), having
been set aside in the Redemption Fund or Prepayment Account, as applicable, the Refunding Bonds shall become
due and payable on said date, and, upon presentation and surrender thereof at the office of the Director of Finance,
said Refunding Bonds shall be paid at the redemption price thereof, together with interest accrued and unpaid to said
date.
If, on said date fixed for redemption, moneys for the redemption of all the Refunding Bonds to be redeemed, together with interest to said date, shall be held by the Paying Agent so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Refunding Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Refunding Bonds so to be redeemed.

All Refunding Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Local Obligation Resolution shall be canceled upon surrender thereof and delivered to the City.

Registration of Refunding Bonds. (a) The Refunding Bonds were initially issued and registered and were executed and delivered in such denominations and numbered in such manner as determined by the Authority and registered in the names of such persons as were requested in such written request of the Authority, subject to the limitations of the Local Obligation Resolution; and thereafter, such Refunding Bonds shall be transferred pursuant to the Local Obligation Resolution.

(b) The City and the Paying Agent shall be entitled to treat the person in whose name any such Refunding Bond is registered as the owner thereof for all purposes of the Local Obligation Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the City; and the City and the Paying Agent shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any persons other than the registered owners of such Refunding Bonds; and neither the City nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any other party, except the registered owner of any such Refunding Bonds.

The Director of Finance of the City (the “Director of Finance”) and the City Clerk were authorized and directed, respectively, as such officers to execute each of the Refunding Bonds on behalf of the City, either manually or in facsimile, and the City Clerk was authorized and directed to affix the official seal of the City thereto; and such signing and sealing as provided in the Local Obligation Resolution were a sufficient and binding execution of the Refunding Bonds by the City. Only such of the Refunding Bonds as shall bear thereon a certificate of registration and authentication in the form set forth in the Local Obligation Resolution, executed and dated by the Paying Agent, shall be entitled to any benefits under the Local Obligation Resolution or be valid or obligatory for any purpose, and such certificate shall be conclusive evidence that the Refunding Bonds so authenticated have been duly authorized, executed, issued and delivered under the Local Obligation Resolution and are entitled to the benefits of the Local Obligation Resolution.

Payment of Principal of and Interest on the Refunding Bonds. The Paying Agent shall pay interest on the Refunding Bonds due on or before the maturity or prior redemption thereof to the registered owners thereof as their names appear at the close of business as of the fifteenth (15th) day of the month next preceding each interest payment date on the registration books required to be kept by the Paying Agent pursuant to the Local Obligation Resolution as the registered owners thereof, such interest to be paid by check mailed to such registered owners at their addresses appearing on such books or at such other addresses as they may have filed in writing with the Paying Agent for that purpose, and to pay to such registered owners the principal of and redemption premiums, if any, on the Refunding Bonds upon presentation and surrender of the Refunding Bonds to the Paying Agent at maturity or on redemption prior to maturity; provided that, for the period during which the Richmond Joint Powers Financing Authority is the registered owner of any Refunding Bond, the principal of and the interest and redemption premium, if any, on said Refunding Bond shall be paid by wire transfer on the Business Day prior to each March 2 and September 2 payment date to the party specified in writing by the Authority to the Paying Agent.

Transfer and Exchange of Refunding Bonds. The Paying Agent will keep at his or her office in Richmond, California, sufficient books for the registration, transfer and exchange of the Refunding Bonds, and upon presentation for such purpose the Paying Agent shall, under such reasonable regulations as he may prescribe, register or transfer or exchange Refunding Bonds on such books as provided in the Local Obligation Resolution.

Annual Installments and Collection of Reassessments. The reassessments levied on the respective parcels in Reassessment District No. 2003-01, together with interest thereon computed at the rate specified in the Refunding Bonds, together with the original reassessment installments levied in and for Reassessment District No. 855 for
fiscal year 2002-2003 shall, in accordance with and consistent with the Act, remain and constitute a trust fund for the redemption and payment of the principal of the Refunding Bonds and for the interest due thereon, and said reassessments and each installment thereof and the interest and penalties thereon shall constitute a lien against the lots and parcels of land on which they are made until the same be paid. The Director of Finance of the City shall furnish to the County Auditor of Contra Costa County (the “Auditor”) and, as prescribed by the Act, the Auditor shall keep records in his office showing, the several installments of principal and interest on said reassessments which are to be collected in each year during the term of the Refunding Bonds; and an annual installment of said reassessments shall be payable and shall be collected in each year corresponding in amount to the amount of Refunding Bonds unpaid and to accrue that year, which amount shall be sufficient to pay the Refunding Bonds as the same become due, and an annual installment of interest on said reassessments shall be payable and shall be collected in each year corresponding in amount to the amount of interest which will accrue on the Refunding Bonds outstanding for such year, which amount shall be sufficient to pay the interest thereon that shall become due in the next succeeding March and September. The annual proportion of said reassessments coming due in any year, together with the annual interest on such reassessments, shall be payable in the same manner and at the same time and in the same installments as the general taxes on real property in the City are payable, and said reassessment installments and said annual interest on said reassessments shall be payable and become delinquent on the same dates and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do general taxes on real property in the City.

Foreclosure. The City covenants with and for the benefit of the Owners of the Bonds that it shall and cause to be commenced, and thereafter diligently prosecute an action in the superior court to foreclose the lien of any reassessment or installment thereof which has been billed, but has not been paid, pursuant to and as provided in Sections 8830 and 8835, inclusive, of the Improvement Bond Act of 1915 and the conditions specified in the Local Obligation Resolution. The City shall annually on or before September 1 of each year review the public record of the Auditor-Controller relating to the collection of the reassessments on the tax roll in the prior Fiscal Year, and if the City determines on the basis of such review that either (i) the amount so collected is deficient by more than three percent (3%) of the total amount of the reassessment levied in such Fiscal Year, or (ii) property owned by any single property owner in the Reassessment District is delinquent by more than five thousand dollars ($5,000) with respect to the reassessment due and payable, then it shall within sixty (60) days thereafter institute foreclosure proceedings as authorized by the Improvement Bond Act of 1915 in order to enforce the lien of the delinquent installments of the reassessment against each separate lot or parcel of land in the Reassessment District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale.

Redemption Fund. There has been created and established a fund to be known as the “City of Richmond Limited Obligation Refunding Improvement Bonds, Reassessment District No. 2003-01, Redemption Fund,” which fund is kept by the Director of Finance and constitutes a trust fund for the benefit of the registered owners of the Refunding Bonds, and all sums received by the Director of Finance which are received from the collection of said reassessments (except for amounts allocable to administrative expenses), and of the interest and penalties thereon, and including amounts paid to the City on account of any prior default and discharge of a reassessment lien (whether in whole or in part), shall upon receipt be deposited in said fund. At the time of the issuance of the Refunding Bonds, the City made a deposit in the Redemption Fund from the proceeds of sale of the Refunding Bonds the amount representing the capitalized interest, if any, and the accrued interest, if any, received on the delivery of the Refunding Bonds. All sums to become due for the principal of and the interest on the Refunding Bonds shall be withdrawn by the Director of Finance from said fund for transfer to the Paying Agent for use for the payment of the principal of and the interest on the Refunding Bonds, and the Refunding Bonds and the interest thereon shall not be paid out of any other funds. Any surplus remaining in said fund after payment of all Refunding Bonds and the interest thereon shall be applied as directed by the City.

The Paying Agent has established and maintains a special account within the Redemption Fund designated the “Prepayment Account.” A property owner may prepay the reassessment and remove the lien of the same from his or her property by paying to the City, which shall immediately transfer such amount to the Paying Agent the sum of the following amounts: (a) the amount of any delinquent installments of principal and interest, together with penalties accrued to the date of prepayment; (b) the unpaid, non-delinquent principal of the reassessment, including principal posted to the tax roll for the current fiscal year but not yet paid; (c) an allowance for redemption premium, calculated by multiplying the amount of the unmatured principal (exclusive of principal due during the fiscal year of prepayment if the prepayment is on the scheduled principal payment date) by the redemption premium, being three
percent (3%) of the principal amount so prepaid; (d) a reasonable fee, to be fixed by the City, for the cost of administering the prepayment and advance redemption of Bonds (the amount of such will not be transferred to the Paying Agent); (e) interest accrued to the next Interest Payment Date which is not less than ninety (90) days after the date of prepayment; and (f) less a credit for the reserve fund calculated in accordance with the Trust Agreement, dated as of June 1, 2003, by and between the Richmond Joint Powers Financing Authority (the “Authority”) and Union Bank, N.A. (formerly known as Union Bank of California N.A.), as trustee (the “Trustee”), as amended and restated by the Amended and Restated Trust Agreement, dated as of December 1, 2011, by and between the Authority and the Trustee (the “Trust Agreement”). Upon receiving any prepayment of a reassessment, the Paying Agent shall deposit the amount thereof received from the City as follows: (a) delinquent principal, interest and penalties shall be deposited in the Redemption Fund; (b) the installment of principal due in the fiscal year of prepayment shall be deposited in the Redemption Fund; (c) interest accrued to the next Interest Payment Date shall be deposited in the Redemption Fund; and (d) the balance of such prepayment shall be deposited in the Prepayment Account to be used to advance the maturity of Bonds to the next redemption date as provided in Part 11.1 of the Improvement Bond Act of 1915. The Paying Agent shall deposit in the Prepayment Account such amounts paid by the property owner, with respect to which the Prepayment Account shall be administered by the Paying Agent based upon Section 8767 of the Improvement Bond Act of 1915. Amounts in the Prepayment Account shall be disbursed therefrom for the payment of the Redemption Price of Bonds redeemed pursuant to the Local Obligation Resolution.

Expense Fund. There has been created and established a fund to be known as the “City of Richmond Limited Obligation Refunding Improvement Bonds, Reassessment District No. 2003-01, Expense Fund,” which fund is kept by the Director of Finance. After making the deposits in the Redemption Fund as required by the Local Obligation Resolution, and in the Refunding Escrow as established in the Refunding Escrow Agreement, any remaining amount of the proceeds of the sale of the Refunding Bonds, if any, was deposited in the Expense Fund and was kept separate and distinct from all other City funds. All moneys collected by the City as administrative costs pertaining to administration of the reassessments and the Refunding Bonds were also deposited in the Expense Fund. All money in the Expense Fund was disbursed on such dates and in such amounts as were necessary to pay all costs of administering the reassessments and the Refunding Bonds, including all expenses incident to administering installments and prepayments collected on account of the unpaid reassessments, apportioning the reassessments if necessary in the event of division of any reassessment parcel, and all expenses incident to the calling, retiring or paying of the Refunding Bonds, and including, but not limited to, fees of bond counsel, underwriters, trustees, certified public accountants and rating agencies, continuing disclosure service providers, administrative expenses of the City and the charges of the Director of Finance in connection with the Refunding Bonds and the Authority’s Reassessment Revenue Bonds, 2003 Series A.

Investment of Moneys. Except as otherwise provided in the Local Obligation Resolution, all moneys in any of the funds or accounts established pursuant to the Local Obligation Resolution have been invested by the Paying Agent solely in Permitted Investments. All Permitted Investments have been acquired subject to any restrictive instructions given to the Paying Agent pursuant to the Local Obligation Resolution and such additional limitations or requirements consistent with the foregoing as may be established by the Written Request of the City. Moneys in all funds and accounts were invested in Permitted Investments maturing not later than the date on which it was estimated that such moneys would be required for the purposes specified in the Local Obligation Resolution. Absent timely written direction from the City, the Paying Agent should invest any funds in Permitted Investments described in clause (h) of the definition thereof.

Subject to the provisions of the Local Obligation Resolution, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Local Obligation Resolution were, thereafter, deposited in the Redemption Fund; provided, however, that before any such deposit was made, such interest, profits and other income should be available for the payment of any rebate that might be owed under the Code, as specified in a Written Request of the City delivered to the Paying Agent.

Permitted Investments acquired as an investment of moneys in any fund established under the Local Obligation Resolution were credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund were valued at the Fair Market Value thereof; such valuation to be performed not less frequently than semiannually on or before each Interest Payment Date.
The Paying Agent may act as principal or agent in the making or disposing of any investment and shall have a fiduciary responsibility with respect to any and all investments. The Paying Agent shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Paying Agent shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to the Local Obligation Resolution. For purposes of investment, the Paying Agent may commingle moneys in any of the funds and accounts established under the Local Obligation Resolution.

Refunding Escrow. Upon delivery of the Refunding Bonds to the Authority, and in lieu of payment by the Authority to the City of that portion of the purchase price of the Refunding Bonds required for purposes of redemption of the Prior Obligations on September 2, 2003, as the amount of said portion was specified in the Trust Agreement providing for the issuance of the Authority’s Reassessment Revenue Bonds, 2003 Series A, the City had provided the Authority with written instructions at the time of such delivery providing for payment of said portion to the Refunding Escrow to be held by the Escrow Agent pertaining to the Prior Obligations, from which the Prior Obligations were redeemed on September 2, 2003.

Tax Covenants. (a) Private Activity Bond Limitation. The City has assured that the proceeds of the Refunding Bonds were not so used as to cause the Refunding Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) Rebate Requirement. The City shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Refunding Bonds. The Paying Agent has established and maintains a fund, separate from any other fund or account established and maintained under the Local Obligation Resolution, designated as the “Rebate Fund.” There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Paying Agent in trust, to the extent required to satisfy any rebate requirement, for payment to the United States of America. Notwithstanding anything in the Local Obligation Resolution to the contrary, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by the Local Obligation Resolution and by the Tax Certificate.

(c) Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Refunding Bonds to be “Federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Refunding Bonds from gross income of the Owners of the Refunding Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Refunding Bonds.

(e) No Arbitrage. The City shall not take, or permit or suffer to be taken by the Paying Agent or otherwise, any action with respect to the proceeds of the Refunding Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Refunding Bonds would have caused the Refunding Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. The Paying Agent shall be deemed conclusively to have complied with the Local Obligation Resolution and the Tax Certificate if it follows the written directions of the City and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the City with the terms of the Tax Certificate.

(f) The City will not take or omit to take any action that would cause the interest on the Refunding Bonds to be included in gross income for federal income tax purposes. Without limiting the generality of the foregoing:

(i) The City will not directly or indirectly use or allow the use of more than 10% of the proceeds of the Refunding Bonds in the trade or business of any nongovernmental persons, and the City
will not allow any actions to be taken that would result in the Refunding Bonds being treated as federally
guaranteed pursuant to Section 149(b) of the Internal Revenue Code of 1986, as amended (the “Code”); and

(ii) The City will not directly or indirectly use or allow the use of the proceeds of the
Refunding Bonds in a manner that would cause the Refunding Bonds to be arbitrage bonds described in
Section 148 of the Code, and in particular, the City will not invest or allow the investment of proceeds of
the Refunding Bonds in investments with a yield materially higher than the yield on the Refunding Bonds
except as described in the Tax Certificate executed in connection with the issuance of the Refunding
Bonds. In addition, the City will pay from time to time all amounts, if any, required to be rebated to the
United States Government pursuant to Section 148(f) of the Code. If the City fails to expend all proceeds
of the Refunding Bonds within six (6) months of the date of issue thereof, or establishes any funds pledged
to the payment of the Refunding Bonds other than as currently provided in the Local Obligation Resolution,
the City shall contact nationally recognized bond counsel for advice relative to compliance with the rebate
requirements of Section 148 of the Code.

Continuing Disclosure. The City Council covenants for the benefit of the Authority and the holders of the
Refunding Bonds, from time to time, to establish and to implement a program of continuing disclosure in
compliance with the requirements of Rule 15c(2)-12 of the Securities and Exchange Commission pursuant to the
Continuing Disclosure Agreement.
APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by
the City of Richmond (the “City”), Union Bank, N.A. (the “Trustee”) and Wildan Financial Services (the
“Dissemination Agent”) in connection with the issuance of Richmond Joint Powers Financing Authority
Reassessment Revenue Refunding Bonds, 2011 Series A (the “Bonds”). The Bonds are being issued pursuant
to an Amended and Restated Trust Agreement executed and entered into as of December 1, 2011 (the “Trust
Agreement”) between the Richmond Joint Powers Financing Authority the Trustee. The Bonds are secured by
Revenues as described in the Trust Agreement. The City covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being
executed and delivered by the City and Dissemination Agent for the benefit of the Owners and Beneficial
Owners of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying
with the Rule (as defined below).

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

"Annual Disclosure Report" means any Annual Disclosure Report of the City provided pursuant
to, and as described in, Section 3 and Section 4 of this Disclosure Certificate.

"Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or
consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds
through nominees, depositaries or other intermediaries), or (b) is treated as the owner of any Bonds for
federal income tax purposes.

"Disclosure Representative" means the Director of Finance of the City or any designee, or such
other officer of employee as the City may designate in writing to the Dissemination Agent from time to
time.

"Dissemination Agent" means initially Wildan Financial Services, or any successor
Dissemination Agent designated in writing by the City and which has filed a written acceptance of such
designation with the City.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or
authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until
otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to
be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located

"Official Statement" means the Official Statement dated December 16, 2011 relating to the Bonds.

"Participating Underwriter" means E. J. De La Rosa & Co., Inc., the original underwriter of the
Bonds required to comply with the Rule in connection with the offering of the Bonds.
"Repository" means the Electronic Municipal Market Access site maintained by the MSRB at http://emma.msrb.org or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule.

"Rule" means paragraph (b) (5) of Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Significant Events" means any of the events listed in Section 5(a) of this Disclosure Certificate.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than two hundred seventy (270) days after the end of the City’s Fiscal Year (currently June 30), commencing with the report for the City’s Fiscal Year ended June 30, 2012, provide to the Repository copies of an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report shall be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of such Annual Report and later than the date required above for the filing of such Annual Report if they are not available by that date. If the Fiscal Year of the City changes, the City shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to the date specified in Section 3(a) for providing each Annual Report to the Repository, the City shall provide such Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent); provided, however, that the City may distribute the Annual Report to the Repository itself after providing written notice to the Trustee and the Dissemination Agent. If by said date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City of such failure to receive the Annual Report.

(c) If the City is unable to provide to the Annual Report to the Dissemination Agent by the date required in Section 3(a), the City shall file a notice, in electronic format, with the MSRB in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent shall:

(i) If not previously filed by the City, send a notice to the MSRB in substantially the form attached as Exhibit A, if the City is unable to provide to the Annual Report to the MSRB by the date required in subsection (a).

(ii) File a report with the City certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

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

(a) A maturity schedule for the outstanding Bonds, and a listing of Bonds redeemed prior to maturity during the prior fiscal year.
(b) The balance in each of the following funds established pursuant to the Trust Agreement as of the close of the prior fiscal year:

(i) Total deposits in the Revenue Fund for the prior fiscal year (with a statement of the debt service requirement discharged by the Revenue Fund in the prior fiscal year); and

(ii) The Reserve Fund (with a statement of the current Refunding Reserve Requirement and the name of the guaranteed investment contract provider, if any).

(c) The total assessed value of the District for the prior fiscal year.

(d) Identification of each parcel in any of the District for which any installment of due and unpaid special assessment installments is delinquent, together with the following information respecting each such parcel:

(i) The amount delinquent (exclusive of late charges and monthly penalties for reinstatement) and the assessed value of such parcel;

(ii) The date of the first delinquency;

(iii) The status of any foreclosure action by the City;

(iv) In the event a foreclosure complaint has been filed respecting such delinquent parcel and such complaint has not yet been dismissed, the date on which the complaint was filed in the Superior Court; and

(v) In the event a foreclosure sale has occurred respecting such delinquent parcel, a summary of the results of such foreclosure sale.

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

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this section, to the extent applicable, the City shall provide notice of the occurrence of any of the following events with respect to the Bonds, not later than ten (10) business days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;
(v) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes; or

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person. This event is considered to occur upon the happening of any of the following: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in Section 5(a)(v) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications to rights of the Bond holders;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution, or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional paying agent or the change of name of a paying agent.

(c) If the City learns of the occurrence of an event listed in Section 5(a) above or determines that knowledge of the occurrence of an event listed in Section 5(b) above would be material under applicable federal securities laws, the City shall within ten (10) business days of occurrence file or cause to be filed a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the occurrence of a
Significant Event described in Section 5(a)(vii) and Section 5(b)(iii) above need not be given any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(d) If the Dissemination Agent has been instructed by the City to report the occurrence of a Significant Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Significant Events described in Section 5(a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(e) The Dissemination Agent may conclusively rely on an opinion of counsel that the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the City under the Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing sixty (60) days written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the City shall be the Dissemination Agent.

The initial Dissemination Agent shall be Willdan Financial Services.

SECTION 8. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Significant Event, in addition to that which is required by the Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Significant Event in addition to that which is specifically required by the Disclosure Certificate, the City shall have no obligation under the Disclosure Certificate to update such information or include it in any future notice of occurrence of a Significant Event.

SECTION 9. Default. In the event of a failure of the City to comply with any provision of the Disclosure Certificate, the Underwriter or any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate; provided, that the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance hereunder.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 8 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.
SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter, the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.
SECTION 12. **Counterparts.** This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: December 28, 2011

CITY OF RICHMOND

By: _________________________________
    Finance Director

UNION BANK, N.A., as Trustee

By: _________________________________
    Authorized Officer

WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By: _________________________________
    Authorized Officer
EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: RICHMOND JOINT POWERS FINANCING AUTHORITY
Name of Bond Issue: RICHMOND JOINT POWERS FINANCING AUTHORITY REASSESSMENT REVENUE REFUNDING BONDS, 2011 SERIES A
Date of Issuance: December 28, 2011

NOTICE IS HEREBY GIVEN that the City of Richmond (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by Section 7.07 of the Trust Agreement dated as of December 1, 2011 between the Richmond Joint Powers Financing Authority and Union Bank of California relating to the above-described Bonds. The City anticipates that the Annual Report will be filed by ________________.

Dated: ________________

WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By: ____________________
Name: ____________________
Title: ____________________
APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Governing Board
Richmond Joint Powers Financing Authority
450 Civic Center Plaza
Richmond, CA 94804

Richmond Joint Powers Financing Authority
Reassessment Revenue Refunding Bonds, 2011 Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Richmond Joint Powers Financing Authority (the “Issuer”) of $5,640,000 aggregate principal amount of its Reassessment Revenue Refunding Bonds, 2011 Series A (the “Bonds”), pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985 (constituting Article 4, Chapter 5, Division 7, Title 1 of the California Government Code), Resolution No. 11-2 authorizing issuance, sale and delivery of the Bonds adopted by the Governing Board of the Issuer on October 18, 2011 (the “Resolution”), an amended and restated trust agreement for the Bonds dated as of December 1, 2011 (the “Trust Agreement”) by and among the Issuer, the City of Richmond (the “Local Agency”) and Union Bank, N.A., as trustee (the “Trustee”). The Bonds are issued for the purpose of enabling the Issuer to refund the Issuer’s outstanding Reassessment Revenue Bonds, 2003 Series A (the “Prior Bonds”) and to pay the costs of issuance of the Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Resolution, the Trust Agreement, the Tax Certificate dated the date hereof (the “Tax Certificate”), certifications of the Issuer, the Trustee, the Local Agency, and others, opinions of counsel to the Issuer and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention

D-1
after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Trust Agreement, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Trust Agreement, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue or waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute the valid and binding limited obligations of the Issuer.

2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer and the Local Agency. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, including the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Trust Agreement (except the Rebate Fund), subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.
3. The Bonds are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the Local Agency nor the State of California or of any subordinate entity or political subdivision of either is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the Local Agency or the State of California and neither said State nor the Local Agency is liable for the payment thereof.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per
APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, redemption premium, if any, and interest with respect to the Bonds to DTC, its Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, its Participants and the Beneficial Owners is based solely on the understanding of the City of such procedures and record keeping from information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC, its Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or its Participants, as the case may be. The Authority, the City, the Trustee and the Underwriter understand that the current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and that the current “Procedures” of DTC to be followed in dealing with Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each Series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC, if less than all of the Bonds within a maturity are being redeemed. DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in each issue to be redeemed.

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority, the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.
The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The foregoing information concerning DTC concerning and DTC's book-entry system has been provided by DTC, and none of the Authority, the City, the Underwriter or the Trustee take any responsibility for the accuracy thereof.

NONE OF THE AUTHORITY, THE CITY, THE UNDERWRITER OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

None of the Authority, the City, the Underwriter or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

The Authority, the City, the Underwriter and the Trustee cannot and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the Authority, the City, the Underwriter or the Trustee are responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.
APPENDIX F

REASSESSMENT ROLL
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Dear Mrs. Segovia:

In response to your request, we have prepared the following appraisal which estimates the market value of 56.30 acres of land located along Giant and Atlas Roads, Richmond, California and held in the name of Pinole Point Properties, LLC. The subject property is also identified as Contra Costa County Assessor’s Parcel Number’s 405-030-045, 405-030-046, 405-030-049, and 405-270-008. The properties are irregular shaped with irregular topography.

The purpose of this appraisal is to estimate the current market value of the fee simple interest in the subject property. This appraisal will be used by the property owners for possible Communities Facility District (CFD) refinancing. The date of value is as of November 28, 2011. The Appraiser’s personally inspected the subject property on November 28, 2011.

The data, analysis and conclusions contained in the accompanying appraisal report, plus Addenda, provide the reasoning and support leading to our opinion of the fee simple market value for the subject property of:

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<th>APN</th>
<th>Market Value (SqFt X Rate)</th>
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</thead>
<tbody>
<tr>
<td>405-030-045</td>
<td>$1,190,000 (596,206 SqFt X $2.00)</td>
</tr>
<tr>
<td>405-030-046</td>
<td>$1,050,000 (524,854 SqFt X $2.00)</td>
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<tr>
<td>405-030-049</td>
<td>$ 260,000 (639,722 SqFt X $0.40)</td>
</tr>
<tr>
<td>405-270-008</td>
<td>$ 530,000 (704,365 SqFt X $0.75)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$3,030,000</strong> (rounded)</td>
</tr>
</tbody>
</table>

The value opinions that are summarized in the Statement of Facts and Conclusions are qualified by certain definitions, limiting conditions and certification included at the conclusion of the report. This appraisal has been prepared in compliance with the Uniform Standards of Professional Appraisal Practice. This report is intended as a complete appraisal presented in summary format.

Very truly yours,

Jesse B. Smyers, MAI
Trentin P. Krauss

December 6, 2011

Susan Segovia
City of Richmond Debt Analyst
450 Civic Center Plaza
Richmond, CA 94804

RE: Appraisal of 40.13 acres of land along Giant Road, Richmond, California
APNs 405-030-045, 405-030-046, and 405-030-049
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SUMMARY OF FACTS AND CONCLUSIONS

Subject Property Identification: This appraisal report estimates the market value of three adjacent parcels and one non-contiguous parcel. The adjacent parcels are located at the eastern terminus of Giant Road in Richmond, California and are identified as Contra Costa County Assessor’s Parcel Numbers’ (APNs) 405-030-045, 405-030-046, and 405-030-049. The other parcel is located just south of the adjacent parcels along the eastern line of Atlas Road and is known as APN 405-270-008.

Ownership: The subject is held in the name of Pinole Point Properties, Inc.

Current Use: Vacant land

Purpose of Appraisal: The purpose of this appraisal is to estimate the current market value of the fee simple interest in the subject property. This appraisal will be used by the property owners for possible Communities Facility District (CFD) refinancing.

Zoning and General Plan:

<table>
<thead>
<tr>
<th>APN</th>
<th>Acres</th>
<th>Square Feet</th>
<th>Zoning</th>
<th>General Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>405-030-045</td>
<td>13.69</td>
<td>596,206</td>
<td>Planned Area Industrial</td>
<td>Industrial/Open Space</td>
</tr>
<tr>
<td>405-030-046</td>
<td>12.05</td>
<td>524,854</td>
<td>Planned Area Industrial</td>
<td></td>
</tr>
<tr>
<td>405-030-049</td>
<td>14.69</td>
<td>639,722</td>
<td>Planned Area Open Space</td>
<td></td>
</tr>
<tr>
<td>405-270-008</td>
<td>16.17</td>
<td>794,365</td>
<td>M2/MFR-2/CRR Industrial/Open Space/Residential</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>56.6</td>
<td>2,465,147</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Flood Hazard Zone: The property is located in Flood Zone X, per Federal Emergency Management Agency (FEMA) Community Map Panel No. 06013C0039F, dated June 16, 2009. This area is defined as a special flood hazard area that is inundated by 100-year floods. Flood insurance is not required.
Urban Limit Line: This property is located inside of the ULL.

Earthquake Hazard Zone: The property is not located within an Alquist-Priolo Special Studies Zone.

Environmental Issues: None known

Site Description: The subject is made up of a three adjacent parcels and one other parcel. All of the parcels are irregular shaped with rolling topography. Access to the adjacent property is from Giant Road and access to the other parcel is from Atlas Road. All standard public utilities are in place along Atlas and Giant Road. The following table briefly describes each parcel.

<table>
<thead>
<tr>
<th>APN</th>
<th>Acres</th>
<th>Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>405-030-045</td>
<td>12.69</td>
<td>596,206</td>
</tr>
<tr>
<td>405-030-046</td>
<td>12.05</td>
<td>524,854</td>
</tr>
<tr>
<td>405-030-049</td>
<td>14.69</td>
<td>639,722</td>
</tr>
<tr>
<td>405-270-008</td>
<td>16.17</td>
<td>704,365</td>
</tr>
<tr>
<td>Total</td>
<td>56.6</td>
<td>2,465,147</td>
</tr>
</tbody>
</table>

Improvement Description: The property is vacant.

Highest and Best Use Estimate: As Vacant
The highest and best use, as vacant, is to develop the usable portions of the parcels with an industrial use when demand returns to this area.

As Improved
The highest and best use, as improved, was not analyzed, because the property has no improvements.

Estimated Value of the Fee
Simple Interest:
<table>
<thead>
<tr>
<th>APN</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>405-030-045</td>
<td>$1,190,000 (596,206 SqFt x $2.00)</td>
</tr>
<tr>
<td>405-030-046</td>
<td>$1,050,000 (524,854 SqFt x $2.00)</td>
</tr>
<tr>
<td>405-030-049</td>
<td>$ 256,000 (639,722 SqFt x $0.40)</td>
</tr>
<tr>
<td>405-270-008</td>
<td>$ 530,000 (704,365 SqFt x $0.75)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$3,030,000 (rounded)</td>
</tr>
</tbody>
</table>

Date of Value: November 28, 2011
Date of Inspection: November 28, 2011
Date of Report: December 6, 2011
Exposure Time: 6 to 24 months
Marketing Time: 6 to 24 months
Hypothetical Condition: None
Extraordinary Assumption: None
EFFECTIVE DATE AND PURPOSE

The effective date of this appraisal is November 28, 2011, which corresponds with the date of the appraiser's inspection of the property. The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property as of November 28, 2011 in its "as is" condition. This report is intended to be used by the property owners for possible Communities Facility District (CFD) refinancing.

INTEREST APPRAISED

In this appraisal, the market value of the fee simple interest in the subject property, subject to covenants, conditions, restrictions, rights of way, and easements of record is estimated. The appraisers were not provided with a title report for the property.

SCOPE OF ASSIGNMENT

It is the intent that all appropriate data deemed pertinent to the solution of the appraisal problem be collected, confirmed, and reported in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics of the Appraisal Institute. This appraisal is intended to be a self-contained narrative report as defined by USPAP.

Activities undertaken during the course of this appraisal are as follows:

- A physical inspection of the subject property and surrounding neighborhood was conducted by Jesse B. Smyers and Trentin P. Krauss on November 28, 2011.

- Reviewed several documents regarding the subject property, including the appropriate zoning ordinance, General Plan, topography maps, soils maps, and FEMA Flood Plain Map.

- Researched current market conditions relative to the property type being appraised, as well as the market sector with which the subject is identified.

- As part of the market data gathering process, brokers, property owners and/or managers were interviewed regarding specific sales information and market conditions. The general and primary markets were searched for comparable sales. A city planning official was contacted regarding land uses for the subject property.
The final value conclusion is the result of the information gathered regarding the subject and its potential uses, an analysis of the appropriate data, along with the appraisers' experience in the appraisal of this type of property in Contra Costa County over many years. In this report, the sales comparison approach was relied on to estimate a value for the property.

IDENTIFICATION OF THE SUBJECT PROPERTY

All four parcels are located in northeastern Richmond. The adjacent properties are located at the eastern terminus of Giant Road and have a total land area of 40.13 acres. The one non-contiguous parcel is located just south of the adjacent parcels, along Atlas Road and is 16.17 acres in size. The property is irregular shaped with irregular topography. The Contra Costa County Assessor identifies the properties as APNs 405-030-045, 405-030-046, 405-030-049, and 405-270-008. The property is located in north eastern Richmond and is adjacent to the eastern Richmond City limit. Current ownership of the property is held in the name of Pinole Point Properties, Inc.

PROPERTY HISTORY

The subject property has historically been vacant land. Most of the property is left in its natural condition and is covered with grasses and a few shrubs. There is an unmaintained dirt road that crosses the adjacent properties. There have been no known listings, transfers, or sales of the property in the last five years.

The property is part of a Community Facilities District (CFD) that raised bonds to develop the subject and neighboring properties. The CFD paid for the development of Giant Road as well as extending utilities and the grading of several large pads west of the subject. The subject parcels have benefitted from the CFD, because of the extension of Giant Road to the site. As of the date of value of this report, Giant Road has not been completed. As of the date of value of this report there has been limited interest in the developed parcels and Giant Road has not been finished.

REGIONAL DESCRIPTION

CONTRA COSTA COUNTY

The Bay Area consists of nine counties: Alameda, Contra Costa, Marin, Napa, Solano, Sonoma, San Francisco, San Mateo, and Santa Clara. Contra Costa County is located on the east side of the San Francisco Bay. Primarily an agricultural area prior to World War II, cities in the central portion of Contra Costa County grew when they became rail depots serving surrounding farm lands. Cities on the county's western and northern shore were the first to adopt an urban character, which was reinforced when manufacturing and refining industries emerged.

Population

The Association of Bay Area Governments (ABAG) Projections and Priorities 2009 reports that the Bay Area's population in 2010 is estimated to be 7,341,790. Contra Costa County's population for 2010 is 1,090,300, making it the third most populous county in the Bay Area, behind Santa Clara and Alameda County. This is a 3.46% increase for the Bay Area and a 3.71% increase for Contra Costa County from 2005-2010. They are expected to increase 4.57% and 3.71%, respectively, from 2010-2015. The county's first growth spurt occurred during the 1940s and then again from the 1980s through early 2000. Over one-third of Contra Costa County's most recent population explosion took place in East County.

Employment

The county's diversified economy helps make it the sixth most affluent county in California. The unemployment rate for Contra Costa County was 10.1% in September 2011, according to the State of California Economic Development Department. The neighboring counties of Alameda and San Francisco have unemployment rates of 10.2% and 8.3%, respectively. The state total for the same time period was 11.4%.

A total of 32,830 new jobs are projected for Contra Costa County between 2010 and 2015. By comparison, the Bay Area as a whole is projected to add 258,750 new jobs. All sectors are expected to have positive growth from 2010 to 2015. The health and educational services sector is expected to have the most significant growth.

Transportation

In more recent years, transportation access through the freeway system and BART has facilitated the area's transformation, first into a series of bedroom communities and then to regional job centers. Postwar growth has resulted in most communities being auto-oriented, though the county does have substantial access to transit. The county is served by the BART system. There
are stations in El Cerrito, Richmond, Orinda, Lafayette, Walnut Creek, Pleasant Hill, Concord, and Pittsburg. Other transportation is provided by Capitol Corridor train, AC Transit, WestCAT, and the Central Contra Costa Transit provides local and sub-regional bus service. The county airport at Buchanan Field in Concord is a private general aviation facility, which accommodates private and executive aircraft.

A multitude of highway projects are planned for Contra Costa County. The two largest are to improve the Interstate 680/State Route 4 Interchange by widening SR-4 and to add HOV lanes. The construction of the fourth bore at the Caldecott Tunnel is also currently under construction. BART has plans to extend its service into eastern Contra Costa County.

Despite the extensive transportation system, the major transportation arteries remain heavily congested at peak commute periods. Lengthy commutes will continue to plague many of Contra Costa County's workers in the foreseeable future.

Economy
While the long-term outlook for the Bay Area is generally good, with continued population, employment and income growth, future growth may be limited by high housing costs, labor supply constraints, infrastructure costs, transportation problems, and water supply problems. Real estate values, both residential and commercial/industrial, are expected to increase over the long term because of the desirable physical and economic aspects of the Bay Area.

The current economy and real estate market has been struggling over the past three plus years as the mortgage crisis plays out. The number of residential and commercial foreclosures is still near the highest point in the last twenty years, which is in large part due to suspect lending practices and the rapid increase in the unemployment rate over the last several years. The unemployment rate and the economy have recently shown signs of improvement as the economy continues to struggle. The overall outlook for property in both Contra Costa County and throughout the greater Bay Area is considered moderate to good over the long term.

Conclusion
In the long term, Contra Costa County is expected to continue its growth as a commercial and residential center, with the majority of the residential growth occurring in the eastern areas of the county. However, until the economy improves, real estate prices are expected to remain stable or decline.

The subject property is located in an industrial area of northern Richmond. The neighborhood is delineated by the San Francisco Bay to the west and north, Ramtrill Boulevard to the east, and Interstate 580 (I-580) to the south. The neighborhood is mostly industrial with residential uses located to the east.

Directly to the north and south of the property are railroad tracks that are operated by Union Pacific Railroad and BNSF Railroad, respectively. South of the railroad tracks are industrial and residential uses. To the west is a UPS distribution center and large factory that once produced batteries, which is now vacant. Adjacent properties to the north and west have historically been vacant and under the ownership of the State of California or East Bay Regional Park District. Some of these properties have frontage along the San Francisco Bay.
Currently, development activity in the subject neighborhood is very low due to the location and the struggling economy. The East Bay real estate market has continued to struggle, but shows signs of leveling off. In the long run, this neighborhood is expected to see little development and is expected to continue to be used as mostly open space or as a buffer between more urbanized uses and the heavy industrial uses that are already present.

INDUSTRIAL MARKET

Market reports for the second and third quarters of 2011, prepared by Colliers International, and Cassidy/Turley BT Commercial, were reviewed regarding the East Bay Industrial market. In addition, several brokers familiar with this market were interviewed.

Despite the fact that the Bay Area economy has been among the better performing in the nation over the course of 2011, the region's industrial and secondary markets have continued to lag behind in their recoveries. This was the case before the overall market declined further into crisis of confidence beginning in August of 2011. Overall industrial vacancy in the north I-680 corridor market jumped from 16.1% to 17.9% over in the third quarter of 2011. An overall negative net absorption for the first three quarters of 607,000 square feet of industrial space has further depressed the market.

The market report suggests that leasing activity is expected remain flat over the final quarter of 2011 and into 2012. With most users waiting on the sidelines until the economy is in better shape. Fears of a double dip recession have cast a shadow over the economy and created a wait and see environment. As consumers wait to see if the economy improves the health of the real estate market hinges on the eventual recovery of the economy.

The current average asking rent for industrial manufacturing space in Richmond is $0.37 per square foot (on a monthly triple net basis). The current asking rent for Warehouse space in the same market is $0.32 per square foot. While vacancy rates have yet to stabilize in the marketplace, they are forecast to remain steady or decline slightly over the next quarter. Long term forecasts for rental rates in the area anticipate rents to remain steady but see no signs of significant growth for several years.

Conclusion

Vacancy rates have continued to increase but appear to be stabilizing and asking rates have remained flat over the last several quarters. This trend is expected to continue through the next quarter, with some improvements in vacancy expected by the end of 2012. Brokers interviewed indicated that the industrial land market is almost nonexistent in this market. The low transaction volume suggests that there is little demand in the market which is not expected to improve until the economy improves.
SITE DESCRIPTION

Physical Description
The subject property consists of three adjacent assessor's parcels with a total site area of 40.13 acres and one non-contiguous parcel that is 16.17 acres. All of the parcels are irregularly shaped with irregular topography. The three adjacent parcels are surrounded on the north and south by railroad lines but have no rail spur. The non-contiguous parcel has sloping topography and is crossed by a 100-foot-wide open space easement. All of the parcels are unimproved vacant land.

Soils and Geology
The subject property is located close to the San Francisco Bay and in an area that has seasonal pooling. Portions of the subject property may have pooling during the winter months. The appraisers are not aware of any recent geotechnical analyses of soils or bedrock conditions on any portion of the property. The Soils Survey of Contra Costa County, published by the USDA Soils Conservation Service, was reviewed to estimate what soils are present on the subject property.

Utilities
The nearest public utilities are located along the frontage of Giant Road and Atlas Road. Any development of either property will require extending public utilities.

Seismic Hazard
The subject property is not located within a Special Study Zone as defined by the Alquist-Priolo Earthquake Fault Zoning Act, which establishes zones along geologic faults considered by the State Division of Mines and Geology to be active.

Easements and Encroachments
No title report was provided to the appraisers. The relevant Contra Costa County Assessor’s maps were also reviewed. APN 405-270-008 is crossed by a 100-foot-wide open space easement that follows the north and eastern property line. This area is designated for use as open space. The map also indicates several items along the southern border of the property but does not list them. Without a title report it is impossible to determine what these items are and how they affect the property. There are no other known easements or encroachments that affect the property.

Access
Access to the three adjacent parcels is from Giant Road, which is not completed along the subject frontage. For unknown reasons, Giant Road was never completed and currently the curbs and gutters sit several inches above the street grade. Giant Road is a two-lane city street with parking along both sides. There is no developed access onto the property but an unmaintained dirt road crosses the property.

Access to APN 405-270-008 is from Atlas Road, which is a two-lane city street with concrete curbs, gutters and sidewalks. A possible alternate access is from an unmaintained road off of Kay Street. This road is currently overgrown and in a state of disrepair.

Conclusions
The physical nature of the properties, with irregular topography and shape limit the utility of the sites. It is likely that portions of the site will be sloping with little utility. The location and proximity to Bay Area Ports make the site desirable to industrial users. Any significant development of the property will require extending public utilities and an access to the development area. The soils are typical of the surrounding area and land that is located in close proximity to I-580 and I-80.

No soils report was provided to the appraisers but the proximity to the San Francisco Bay, and topography of the property suggest the site may have seasonal pooling. The estimated value in this report assumes there is no soils contamination present on the subject property.
IMPROVEMENT DESCRIPTION

There are no improvements located on the subject property.

ZONING - LAND USE

Zoning Designation
PA, Planned Area
The three adjacent parcels are zoned for planned area. The purpose of the PA district is to promote development of large areas in substantial compliance with the principles and standards of the Richmond general plan. The minimum lot area is two acres of contiguous land. For a complete list of the zoning regulations a copy of the ordinance has been included in the Addenda.

Multi-Family Residential (MFR-2), Light Industrial (I-2), and Community and Regional Recreation (CRR)
APN 405-270-008 has three different zoning districts on the property, multi-family medium density residential, light industrial and community and regional recreation. The MFR-2 zoning sets the following limits, minimum lot size of 1,750 square feet and 35 foot maximum building height. The light industrial zoning allows most light industrial uses. The 100-foot wide open space easement that crosses the property is zoned CRR and is not developable under this zoning.

General Plan Designation
Industrial and Open Space
The three adjacent parcels are designated for industrial and open space. Portions of the subject property are designated for industrial and open space uses. Almost the entire land area of APN 405-030-045 is designated for industrial use with a small portion along the western border that appears to be designated for open space. The entire APN 405-030-046 is designated for industrial use and the entire APN 405-030-049 is designated for use as open space.

Land designated for industrial use allows most industrial uses. There are four general open space categories: Preservation/Resource Areas, Recreation Lands, Archaeological and Cultural Resources, and Other Types of Open Space. The subject is designated as a Preservation/Resource Area. These areas are designated to protect natural resources including the preservation of plant and animal life; habitat for fish and wildlife species; areas required for ecologic and other scientific study purposes; creeks, bays, marshes and estuaries; watershed lands, etc.
Industrial, Open Space, and Residential

APN 405-270-008 has three different general plan designations. The western portion is designated for industrial use and the eastern portion is designated for residential use. The 100-foot wide easement that crosses the subject is designated for open space use.

Urban Limit Line

The subject property is located inside of the Contra Costa County's Urban Limit Line (ULL), also known as the 65/35 Land Preservation Plan. Land located inside of the ULL is not limited in use.

Conclusion

The existing use of the subject parcel's, as vacant land, is in conformance with the General Plan and the zoning. Most of the area that is zoned for industrial use is well suited for industrial development. Any significant development of the land that is designated for residential use or open space use is not likely because of the sloping topography.

HIGHEST AND BEST USE

Highest and best use is defined as "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value." This analysis is applied to the property as though vacant and as improved. The "as though vacant" analysis reflects the fact that land value is derived from potential land uses. Land has limited value unless there is a present or anticipated use for it; the amount of value depends on the nature of the anticipated use for the land. If the conclusion is to improve the site, an ideal improvement is also concluded. The "as improved" analysis compares the existing improvements to the ideal improvements.

The four tests or criteria applied in the highest and best use analysis are:

1) Legally permissible (conforming to zoning, general plan, and any other legal restrictions)
2) Physically possible (site topography, size, access, utilities, etc.)
3) Financially feasible (Is there market demand for the site/improvements?)
4) Maximum productivity (Which use meets the first three tests and will produce the highest return?)

AS VACANT

Legally Permissible

The three parcels that are zoned Planned Area require development plans to be submitted to the City for approval and allow a wide variety of uses. Typically uses that are consistent with the general plan and/or surrounding uses are approved. The general plan designates the property for Industrial and Open Space use. Virtually all industrial uses are permitted on the portions of the property that are designated for industrial use. The area designated for open space is currently limited to use as open space. APN 405-270-008 has multiple zoning districts that allow light industrial and medium density residential uses. For a complete list of legal uses copies of the zoning ordinance is included in the Addenda.

Physically Possible

The physical limitations of the subject property are detailed earlier in this report. The size of the parcel's are well-suited to development and are larger than most vacant land in the neighborhood. However, the topography, shape, location and possible drainage issues affect the utility of the sites. The property is located in northern Richmond in an area that is home to several large scale industrial uses. Developing the three adjacent parcels with most legal uses is
Physically Feasible
The subject is located in an industrial and residential neighborhood, which is consistent with the zoning. Demand for industrial or residential land in this area has been limited due to the large supply of improved properties in the neighborhood. Most of the industrial uses around the subject are owner-user structures. The subject location and the legally permissible uses suggest the property is well suited for industrial uses. The financially feasible use of the property is consistent with the surrounding uses and legal uses, and is to develop the property with an industrial use. The legally permissible uses of APN 405-270-008 are limited because of its topography. The site has mixed zoning but most of the property is unusable because of its sloping topography.

Maximum Productivity
The most maximally productive use of the adjacent parcels is to utilize the areas designated for industrial use with an industrial development. The maximally productive use of APN 405-270-008 is industrial use on the northern portion of the site. These uses are legally permissible, physically possible, and financially feasible. These uses are currently not maximally productive due to the lack of demand in this area for industrial uses. The market for industrial land has been nonexistent in the last year, and is not forecast to get better for some time. Brokers and market participants interviewed do not expect the industrial land market to see improvements until the economy improves.

Conclusion
The highest and best use of the subject property, as vacant, is to hold the properties for the future development with industrial uses. The topography of APN 405-270-008 severely limits the usable area of the property and makes developing this property unlikely. Demand for this use is not expected to return to this market for 2 to 10 years.

AS IMPROVED
There are no improvements on the property. The highest and best use, as improved, was not analyzed in this report.

THE APPRAISAL PROCESS
In the appraisal of real property, there are three basic approaches by which market data may be processed into an indication of value. These are the sales comparison approach, cost approach, and the income approach. In this report, only the sales comparison has been used to estimate a value for the subject.

In the sales comparison approach to value, the appraisers select comparable sales that are similar with respect to location, size, and use potential. The sales comparison approach is based on the concept that an informed buyer would pay no more for a property than the cost of acquiring a similar property with the same utility. This approach is most useful when an active market provides sufficient quantities of reliable data that can be verified from reliable sources. The comparable sales will indicate a range of values applicable to the subject property.

The cost approach is used to estimate the replacement or reproduction cost of an improved property, which is added to the estimated land value. The land value is estimated based on the sales comparison approach. The subject property has no improvements that contribute value to the property. As a result, the cost approach is not a useful approach to estimate a value.

The income approach relies on an estimate of current rent for the subject and an estimated capitalization rate derived from the market to estimate a value for the subject. This approach is most often used for properties that are purchased by investors. As vacant industrial land the subject has little potential for income. In this market industrial land is not in demand by investors and the income approach is not useful to estimate a value for the property.
SALES COMPARISON APPROACH

The sales comparison approach is a method of comparing the subject property to recent sales, listings, and offers of similar types of properties located in the subject or competing areas. The most similar sales are analyzed based on the degree of comparability between the subject and the sale properties, the length of time since the sales transactions were completed, the accuracy of the sales data, and the absence of unusual conditions affecting the sale. Appropriate units of comparison are identified and compared to the subject property.

Sales of comparable properties were researched to estimate a value for the subject property. For this analysis, comparable sales were selected that are similar to the subject in regard to use, location, and topography. The unit of comparison most used for this type of property is the price per square foot of land. Comparables sales of industrial land and open space have been included to estimate values for the subject. Industrial land sales will be used to estimate a value for the portion of the property that is designated for industrial uses and sales of open space will be used to estimate a value for areas designated for use as open space. The following table briefly describes each of the comparables used to aid in estimating a value for the subject property.

<table>
<thead>
<tr>
<th>Land Sales Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sale Day</strong></td>
</tr>
<tr>
<td>Sub. Giant Road</td>
</tr>
<tr>
<td>Pillsburg, CA</td>
</tr>
<tr>
<td>Sub. Morgan Terriory Rd.</td>
</tr>
</tbody>
</table>
Land Sale 1

Map of Comparable Sales (Industrial Land Sales)

Map of Comparable Sales (Open Space Sales)

TBMap: 670-E7
Seller: Vinehill Investments, Inc.
Recording: 09-46728
Sale Price: $1,080,000
Land Square Feet: 291,373
Price per SqFt: $3.70
Use: Contractors storage yard
Location: Waterbird Way, Martinez
Buyer: Waterbird, LLC
Assessor’s Parcel: 380-030-039
Date of Sale: 1/14/2009
Land Area: 6.69 acres
Financing: Cash to seller
Zoning: Heavy Industrial
Topography: Level
Source: Costar, Inc.; Public Records; Listing Agent
Comments: This property sold as a vacant industrial site and is located north of SR-4 and east of I-680. The property has mostly level topography and is surrounded by mostly vacant hillside land. The shape of the property is very irregular, which limits the utility and usable area of the property. All public utilities are in place in the street and there are no improvements on the property. The buyer operates a heavy industrial construction company and plans to use the property as an industrial storage yard. There are no plans to build any structures on the land. There was a lengthy escrow due to financing issues. However, there were no special conditions that may have affected the sale price.

Land Sale 1

TBMap: 670-E7
Seller: Vinehill Investments, Inc.
Recording: 09-46728
Sale Price: $1,080,000
Land Square Feet: 291,373
Price per SqFt: $3.70
Use: Contractors storage yard
Location: Waterbird Way, Martinez
Buyer: Waterbird, LLC
Assessor’s Parcel: 380-030-039
Date of Sale: 1/14/2009
Land Area: 6.69 acres
Financing: Cash to seller
Zoning: Heavy Industrial
Topography: Level
Source: Costar, Inc.; Public Records; Listing Agent
Comments: This property sold as a vacant industrial site and is located north of SR-4 and east of I-680. The property has mostly level topography and is surrounded by mostly vacant hillside land. The shape of the property is very irregular, which limits the utility and usable area of the property. All public utilities are in place in the street and there are no improvements on the property. The buyer operates a heavy industrial construction company and plans to use the property as an industrial storage yard. There are no plans to build any structures on the land. There was a lengthy escrow due to financing issues. However, there were no special conditions that may have affected the sale price.
This property has a superior location in regards to freeway access and other commercial uses. The topography of the property is similar to the subject. The irregular shape of the property is less desirable than a more usable property. Overall, this site is well-suited for a use that is similar to the current use of the subject.

File 11-055

**Land Sale 2**

- **Location:** SW corner of Huntington Drive & Peabody Road, Fairfield
- **Buyer:** Maestri Family Investor Partnership
- **Seller:** B&L Properties II, LLC
- **Assessor's Parcel:** 0170-032-250, -260, -270
- **Recording:** 08-025424
- **Sale Price:** $6,100,000
- **Land Price:** $5.89
- **Land Area:** 23.79 acres
- **Financing:** Cash to seller
- **Zoning:** Limited Industrial
- **Topography:** Level
- **Source:** Costar, Inc.; Public Records; Buyer's Broker, Ken Reiff
- **Comments:** This property consists of three adjacent parcels that were purchased at the same time. The buyer has since had the lot lines adjusted to favor their planned use. The combined property is irregular shaped with level topography. The property was purchased by an owner/user who intends on relocating their distillery facility to this location. The property has adequate access to 1-80. At the time of sale, the property was unimproved land. All public utilities are in place to the site.
This property has superior signage along an arterial route, but has a similar location in regards to freeway access.

File 11-005

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Land Sale 3 (LISTING)

Location: 115 Brookside Drive, Richmond  
Buyer: Unknown  
Assessor's Parcel: 408-202-004 & -005  
Recording: N/A  
Date of Sale: LISTING  
Land Area: 8.48 acres  
Financing: Cash to seller  
Zoning: Heavy Industrial  
Topography: Level  
Source: Loopnet, Inc.; Public Records; Listing Agent, Ryan Davidson  
Comments: This property is made up of two adjacent parcels that are mostly rectangular shaped with level topography. The property has been on the market for over four years and was originally listed at a much higher price. The price was recently reduced from $1,800,000 to $1,500,000 and the broker reported they have still had only limited interest. All public utilities are available to the site. The property has historically been used for industrial uses. There are several small, old structures on the building that contribute no value to the property.
The broker reported that because the site is located in a redevelopment area, some buyers are not interested because of the uncertainty of what the city will eventually want to do with the property.

This listing is located close to the subject property and in a similar neighborhood. The lack of demand for this site is consistent with the market. The broker indicated he would expect the property to sell at a price around $4.00 per square foot, but there are very few participants in the market. Overall, this site is well-suited for a use that is similar to the current use of the subject.

Location: 1401 Loveridge Road, Pittsburg
Seller: Imperial West Chemical Co.
Recording: 06-213226
Sale Price: $2,260,000
Price per SqFt: $4.87
Land Square Feet: 686,130
Land Use: Industrial
Zoning: Heavy Industrial
Topography: Level
Source: Costar, Inc.; Public Records; Listing Agent, Bill Hillis
Comments: This property is made up of a single 11.16 acre parcel that is mostly rectangular shaped with level topography. The listing agent was unable to share many details of the property due to a confidentiality agreement. The transaction was an arms-length transaction and was openly listed on the market. All public utilities are available to the site. The property has historically been used for industrial uses and there were no improvements on it at the time of sale. There are no curbs or gutters along the subject frontage; access from Loveridge Road can be made from either direction.
This is an older transaction that is located in an industrial area of East County. The location is closer to more urban uses. Overall, this site is well-suited for a use that is similar to the current use of the subject.

File 11-055

Location: 6301 Chadbourne Rd., unincorporated Contra Costa County
Buyer: Sean McCauley Investments, Inc.
Seller: George Hooper Trust
Assessor’s Parcel: 078-050-007
Recording: 11-66616
Date of Sale: 4/1/2011
Land Area: 80 acres
Financing: Cash to seller
Zoning: A-4
Use: Agricultural Land
Topography: Rolling
Source: MLS; Public Records; Listing agent, Aaron Meadows
Comments: This is the sale of an 80-acre parcel that is rectangular shaped with level to rolling topography. The property sold in April 2011 for $385,000 after being on the market for 9 days at a list price of $390,000. The property has historically been used as a rural home site and is improved with two metal-frame buildings that are used for storage. The site is located southeast of the City of Antioch in unincorporated Contra Costa County, outside of the ULI. Access to the property is from Chadbourne Road.
There is an onsite well on the property that provides water. Ownership of the property is held by Sean McCauley. The property is also identified as Contra Costa County Assessor’s Parcel Number 078-080-007.

File 11-055

Location: 11620 Morgan Territory Road, uninc. Contra Costa County  TB Map: 655-G6
Buyer: Acrew Management, LLC  Seller: Castello A&P Trust
Assessor’s Parcel: 006-140-007  Recording: 11-2560
Date of Sale: 1/5/2011  Sale Price: $694,000
Land Area: 103.50 acres  Price per Acre: $6,703
Financing: Cash to seller  General Plan: AL
Zoning: A-80  Williamson Act: Yes
Use: Agricultural Land
Topography: Moderate to steep sloping
Source: MLS; Public Records; Listing Agent, Marsha Cabral
Comments: This is the sale of a 103.5-acre parcel that is irregular shaped with sloping topography. The property sold in January 2011 for $694,000 after being on the market for 584 days at an original list price of $933,950. The property has historically been used as grazing land. There are no improvements on the property other than a private well and some perimeter fencing.
The site is located east of the City of Danville in unincorporated Contra Costa County, outside of the ULL. Access to the property is from Morgan Territory Road, which runs the length of the eastern property line. This property is subject to a Williamson Act contract.

### Land Sale 7

<table>
<thead>
<tr>
<th>Location: 7030 Morgan Territory Road, uninc. Contra Costa County</th>
<th>TB Map: 594-B7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer: Save Mount Diablo</td>
<td>Seller: Moran Trust</td>
</tr>
<tr>
<td>Assessor's Parcel: 080-100-007</td>
<td>Recording: 10-288979</td>
</tr>
<tr>
<td>Date of Sale: 12/21/2010</td>
<td>Sale Price: $425,000</td>
</tr>
<tr>
<td>Land Area: 20.49 acres</td>
<td>Price per Acre: $20,742</td>
</tr>
<tr>
<td>Financing: Cash to seller</td>
<td>General Plan: AL</td>
</tr>
<tr>
<td>Zoning: A-20</td>
<td>Williamson Act: No</td>
</tr>
<tr>
<td>Use: Agricultural Land</td>
<td>Topography: Moderate to steep sloping</td>
</tr>
<tr>
<td>Source: MLS; Public Records; Buyer, Save Mount Diablo</td>
<td>Comments: This is the sale of a 20.49-acre parcel that is irregular shaped with sloping topography. The property sold in December 21, 2010 for $425,000. The property has historically been used as open space. The previous owner purchased the property and developed the site with a residential home site and improved the site with a well and septic system. Access to the site is from Morgan Territory Road and has a bridge that crosses a creek.</td>
</tr>
</tbody>
</table>
The site is located in unincorporated Contra Costa County, outside of the U.L.L. This property is located outside of the U.L.L. and is not subject to a Williamson Act contract.

Conclusion of Value

The subject property consists of three adjacent parcels with a total acreage of 40.13 acres and one non-contiguous parcel, APN 405-270-008 that is 16.17 acres. APNs 405-030-045 and 405-030-046 are designated for industrial use and have a total land area of 25.74 acres. Given the topography of this property it is likely that portions of this property will not be usable. Without further development plans it is impossible to know what development the property can support.Parcel 405-030-049 is 14.69 acres in size and is designated for use as open space. Parcel 405-270-008 is 16.17 acres in size but is irregular shaped and has topography that severely limits any development potential of the property.

Separate comparables have been used to estimate a value for the developable and non-developable areas of the subject. Sales 1 thru 4 are used to estimate a value for the industrial areas, and Sales 5 thru 7 are selected to estimate a value for the open space areas. The information regarding the comparable sales transactions did not suggest any adjustments were required to any of the sale properties for real property rights conveyed or financing. Adjustments were made for various other features that include size, shape, location, zoning, utilities, and improvements.

First, a value will be estimated for the industrial area followed by a value estimate for the open space area.

PRICE PER SQUARE FOOT ANALYSIS - APNs 405-030-045 and 405-030-046

Sales 1 through 4 are included to estimate a land value for the land that is designated for industrial use. The comparable land sales provide an unadjusted range from $3.71 to $5.89 per square foot. An adjustment grid was created to account for differences between the subject and the comparables. When possible, the adjustments are based on quantifiable evidence. Adjustments are based on the appraisers' personal experience with the subject market, as well as interviews with real estate brokers and property owners. The following table shows the adjustments made to the comparables.
**LAND SALES ADJUSTMENT**  
Giant Road, Richmond, California

<table>
<thead>
<tr>
<th>Element of Comparison</th>
<th>Subject</th>
<th>Sale 1</th>
<th>Sale 2</th>
<th>Sale 3</th>
<th>Sale 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale Price Per SqFt</td>
<td></td>
<td>$3.71</td>
<td>$5.89</td>
<td>$4.06</td>
<td>$4.65</td>
</tr>
<tr>
<td>Real Property Rights Conveyed</td>
<td>Leased</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Adjusted Price</td>
<td></td>
<td>$3.71</td>
<td>$5.89</td>
<td>$4.06</td>
<td>$4.65</td>
</tr>
<tr>
<td>Financing</td>
<td>Cash</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Adjusted Price</td>
<td></td>
<td>$3.71</td>
<td>$5.89</td>
<td>$4.06</td>
<td>$4.65</td>
</tr>
<tr>
<td>Conditions of Sale</td>
<td>At Market</td>
<td>0%</td>
<td>0%</td>
<td>-20%</td>
<td>0%</td>
</tr>
<tr>
<td>Adjusted Price</td>
<td></td>
<td>$3.71</td>
<td>$5.89</td>
<td>$3.25</td>
<td>$4.65</td>
</tr>
<tr>
<td>Market Conditions</td>
<td></td>
<td>-9%</td>
<td>-10%</td>
<td>-20%</td>
<td>-16%</td>
</tr>
<tr>
<td>Adjusted Price</td>
<td></td>
<td>$3.39</td>
<td>$5.26</td>
<td>$3.25</td>
<td>$3.91</td>
</tr>
<tr>
<td>Location / Zoning</td>
<td>Richmond</td>
<td>0%</td>
<td>-10%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Size / Shape</td>
<td>Level/Irreg</td>
<td>10%</td>
<td>-10%</td>
<td>-10%</td>
<td>-10%</td>
</tr>
<tr>
<td>Topography</td>
<td>Irregular</td>
<td>-20%</td>
<td>-20%</td>
<td>-20%</td>
<td>-20%</td>
</tr>
<tr>
<td>Improvements/Utilities</td>
<td>None</td>
<td>-15%</td>
<td>-15%</td>
<td>-15%</td>
<td>-15%</td>
</tr>
<tr>
<td>Total Adjustment</td>
<td></td>
<td>-25%</td>
<td>-55%</td>
<td>-45%</td>
<td>-45%</td>
</tr>
<tr>
<td><strong>ESTIMATED PRICE PER SQUARE FOOT ROUNDED</strong></td>
<td>$2.55</td>
<td>$2.37</td>
<td>$1.79</td>
<td>$2.15</td>
<td></td>
</tr>
</tbody>
</table>

The largest adjustments were made to account for shape and topography. After adjustments, the sales have an adjusted range of value from $1.79 to $2.55 per square foot. The adjusted range of value is more useful in estimating a value for the subject property.

**Real Property Rights**
No adjustments were made to account for differences in real property rights.

**Financing**
No adjustments were made to account for differences in financing between the sales.

**Condition of Sale**
Sale 3 was adjusted down because it is a listing and not a closed transaction. In the current market there are few transactions of industrial land which indicates there is little demand. This is supported by the longer marketing period of properties that are listed. It is typical in slower real estate markets that properties sell below listing prices due to the limited demand.

**Market Conditions Adjustment**
Since late 2007 the industrial market has seen a decline in prices, as well as rents. Interviews with market participants and a review of several market reports regarding the East Bay industrial market suggests that between 2007 and 2011 real estate sales prices were declining somewhere between 0.25% and 1.0% a month. As a result, these sales have been adjusted down to account for the changing market conditions. The comparables have been adjusted down by 0.25% per month.

**Location / Zoning**
Sale 2 was adjusted down to account for its location in Fairfield in an industrial area that has historically had higher real estate prices.

**Size / Shape**
When estimating a value based on a price per square foot, the overall size of the property is less important. Sale 1 was adjusted up to account for its unusual shape which limits the utility of portions of the property and for its smaller size. The remaining sales were adjusted down to account for their higher utility because they are finished lots.

**Topography**
The subject has irregular topography that limits the utility of the site. The comparables were adjusted down to account for their level topography.

**Improvements/Utilities**
The subject will require an extensive amount of grading as well as extending an access and utilities to any future development. The comparables sales are finished lots that are ready to be developed. For this reason all of the sales have been adjusted down to account for the additional expenses. This number is subjective but supported by the appraiser’s experience with other CFD’s.
Sale 3 is a listing that is being marketed as vacant land, but has improvements on the property. The brokers indicated the improvements are in poor condition and were assigned no value in the listing price, no adjustments were made.

**Adjustment Analysis**

After adjustments, the comparable sales support a value range of $1.79 to $2.55 per square foot. This range of value is useful in estimating a price per square foot for the land of the subject property.

The most weight was placed on Sales 1 and 3, with additional weight placed on Sale 4. Sale 1 is a recent sale that is located in a similar location. Sale 3 is a listing that is located in a similar neighborhood as the subject.

The real estate market in the past several years has primarily been characterized by decreasing real estate prices as the economy continues to struggle. In the last year, there was some optimism in the market, but the industrial market typically lags behind the other markets. Sales of industrial land are not expected to rebound to their highs of late 2007 for some time. Until the economy recovers, the real estate market is not expected to see major improvements. In addition the supply of graded industrial lots just west of the property will likely have to be sold off before the subject would be in demand.

With the most weight placed on Sales 1 and 3, an estimated fee simple value for the subject property of $2.00 per square foot is concluded. The final estimate is closer to the low end of the range to account for the uncertainty of the development potential of the subject and for the lack of demand for industrial land. This yields a total value for the subject property of $2,240,000 (1,131,060 square feet X $2.00, rounded).

**PRICE PER SQUARE FOOT ANALYSIS: APN 405-030-049**

Sales 5 through 7 are included to estimate a land value for APN 405-030-049 which is designated for use as open space. The comparable land sales provide an unadjusted range from $0.11 to $0.48 per square foot. An adjustment grid was created to account for differences between the subject and the comparables. The following table shows the adjustments made to the comparable sales.

**LAND SALES ADJUSTMENT**

Giant Road, Richmond, California

<table>
<thead>
<tr>
<th>Element of Comparison</th>
<th>Subject</th>
<th>Sale 5</th>
<th>Sale 6</th>
<th>Sale 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale Price Per SqFt</td>
<td>-</td>
<td>$0.11</td>
<td>$0.15</td>
<td>$0.48</td>
</tr>
<tr>
<td>Rights Conveyed</td>
<td>Leased</td>
<td>Fee</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adjusted Price</td>
<td>$0.11</td>
<td>$0.15</td>
</tr>
<tr>
<td>Financing</td>
<td>Cash to Seller</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Adjusted Price</td>
<td>$0.11</td>
<td>$0.15</td>
<td>$0.48</td>
</tr>
<tr>
<td>Conditions of Sale</td>
<td>At Market</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Adjusted Price</td>
<td>$0.11</td>
<td>$0.15</td>
<td>$0.48</td>
</tr>
<tr>
<td>Market Conditions</td>
<td>-</td>
<td>-1.75%</td>
<td>-2.75%</td>
<td>-3.00%</td>
</tr>
<tr>
<td></td>
<td>Adjusted Price</td>
<td>$0.11</td>
<td>$0.15</td>
<td>$0.47</td>
</tr>
<tr>
<td>Location / Zoning</td>
<td>Richmond</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Size / Shape</td>
<td>Level/irreg</td>
<td>20%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>Topography</td>
<td>Irregular</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Improvements/Utilities</td>
<td>None</td>
<td>0%</td>
<td>0%</td>
<td>20%</td>
</tr>
<tr>
<td>Total Adjustment</td>
<td>40%</td>
<td>40%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>ESTIMATED PRICE PER SQUARE FOOT ROUNDED</td>
<td>$0.15</td>
<td>$0.20</td>
<td>$0.47</td>
<td></td>
</tr>
</tbody>
</table>

The largest adjustment was made to account for the changes in Size/Shape and for Improvements. After adjustments, the sales have an adjusted range of value from $0.15 to $0.47 per square foot. The adjusted range of value is more useful in estimating a value for the subject property.
Real Property Rights
No adjustments were made to account for differences in real property rights.

Financing
No adjustments were made to account for differences in financing between the sales.

Condition of Sale
No adjustments were made to account for differences in conditions of sale between the sales.

Market Conditions Adjustment
Since late 2007 the real estate market has seen a decline in prices, as well as rents. Interviews with market participants and a review of several market reports regarding the East Bay market suggests that between 2007 and 2010 real estate sales prices were declining somewhere between 0.25% and 1.0% a month. As a result, these sales have been adjusted down to account for the changing market conditions. The comparables have been adjusted down by 0.25% per month.

Location / Zoning
Open space land that is closer to development will typically sell at a premium when compared with more remote sales of open space. This is in large part because of the more public location and social impact of open space land that is closer to developed areas. All of the comparables are located in more remote areas and were adjusted up to account for this.

Size / Shape
When estimating a value based on a price per square foot, the overall size of the property is less important. Sale 1 and 2 were adjusted up because they are significantly larger than the subject and larger properties will typically sell at a discount on a per square foot comparison. The shape is less of a factor for open space because the properties are not being purchased to be developed. No adjustment is necessary for varying size or shape of land that is purchased as open space.

Topography
All of the comparables were adjusted up to account for their sloping topography.

Improvements / Utilities
All of the sales are located in similar areas and have access to public utilities. Land purchased to be used as open space most often does not require utilities. Sale 3 is sold with two metal sheds located on the property. This comparable was adjusted down to account for this.

Adjustment Analysis
After adjustments, the comparable sales support a value range of $0.15 to $0.47 per square foot. This range of value is useful in estimating a price per square foot for the land of the subject property.

Equal weight was placed on the three comparables. The real estate market in the past several years has primarily been characterized by decreasing real estate prices as the economy continues to struggle. Sales of land to be preserved as open space are typically larger than the subject and located in more rural areas or along the coastline. Even open space land has seen a decrease in prices as the economy continues to struggle. Until the economy recovers, the real estate market is not expected to see major improvements.

No adjustment for development expenses is necessary for this parcel because the property is designated for use as open space.

With the most weight placed on sale 7 because of its similar size, an estimated fee simple value for the subject property of $0.40 per square foot is concluded. This yields a total value for the subject property of: $360,000 (919,723 square feet X $0.40 per square foot, rounded).

PRICE PER SQUARE FOOT ANALYSIS APN 405-270-008
This parcel contains 16.17 acres that is not contiguous with the other parcels, and has sloping topography that limits its utility. The parcel's location and physical limitations put its value at the low end of the range for similarly zoned properties. To estimate a value for this site the appraisers have relied on information from both of the above data sets and concluded with a value of $0.75 per square foot.

The property has some speculative value due to its zoning which allows industrial and residential uses but the topography of the site makes any near term development unlikely. A value estimate of $0.75 per square foot yields a total value for the subject property of: $530,000 (704,365 square feet X $0.75 per square foot, rounded).
RECONCILIATION AND FINAL VALUE ESTIMATE

The subject property is made up of four parcels that are held in the name of Pinole Point Properties, LLC. Three parcels are adjacent, and are irregular shaped with rolling topography. The fourth parcel is located to the south along Atlas Rd. This parcel is irregular shaped with steep sloping topography. The historical use of all of the parcels is vacant unimproved land. The highest and best use is to develop APNs 405-030-045 and 405-030-046 with an industrial use when demand returns to the market. The highest and best use of APN 405-030-049 is to utilize the property as open space. The highest and best use of APN 405-270-008 is to hold for the possible development with an industrial use.

The appraisers have been asked to estimate a value for the fee simple interest in the subject properties. The sales comparison approach was used for this purpose and yields the following value estimates:

- APN 405-030-045 $1,190,000
- APN 405-030-046 $1,050,000
- APN 405-030-049 $260,000
- APN 405-270-008 $530,000
- TOTAL $3,030,000

The final value estimate is the appraisers' opinion that most nearly represents what the typical informed and rational purchaser would likely pay for the subject property. This estimate of value assumes the property is available for sale on the open market as of the date of value, given all the data utilized by the appraisers in this analysis.

In this report, only the sales comparison approach to value was considered relevant to the subject properties. A final market value for the fee simple interest in the subject property as of December 6, 2011, is:

THREE MILLION THREEY THOUSAND DOLLARS $3,030,000

STATEMENT OF LIMITING CONDITIONS

CONTINGENT AND LIMITING CONDITIONS

The appraisers' certification that appears in the appraisal report is subject to the following conditions:

1. The appraisers will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraisers assume that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.

2. Any sketch or map in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraisers have made no survey of the property.

3. The appraisers have examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and have noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraisers are not surveyors, they make no guarantees, express or implied, regarding this determination.

4. The appraisers will not give testimony or appear in court because they made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.

5. The appraisers have noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that they became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraisers have no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and have assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraisers will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraisers are not experts in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.

6. The appraisers obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that they consider to be reliable and believe them to be true and correct. The appraisers do not assume responsibility for the accuracy of such items that were furnished by other parties.

7. The appraisers will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
Statement of Limiting Conditions (cont'd)

8. The appraisers have based their appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.

9. The appraisers must provide prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraisers' identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraisers are associated) to anyone other than the borrower, the mortgagee or its successors and assigns; the mortgage insurer; consultant; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia, except that the lender/client may distribute the property description section of the report only to data collection reporting service(s) without having to obtain the appraisers' prior written consent. The appraisers' written consents and approvals must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

10. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

APPRAISERS' CERTIFICATION

The undersigned appraisers certify and agree that to the best of their knowledge and belief:

1. The statements of fact contained in this appraisal report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, impartial and unbiased professional analyses, opinions and conclusions.

3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. We have made a personal inspection of the property that is the subject of this report.

8. Trentin Krauss provided appraisal assistance in the preparation of this report.

9. We performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

10. The Appraisal Institute conducts a program of continuing education for its designated members. As of the date of this report, Jesse B. Smyers and Trentin P. Krauss have completed the requirements of the continuing education program of the Appraisal Institute.

11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its authorized representatives.

Jesse B. Smyers, MAI - CA Cert. AG04147
December 6, 2011

Trentin P. Krauss - CA Cert. AG043134
December 6, 2011
JESSE B. SMYERS, MAI
1547 Palos Verdes Mall, #113
Walnut Creek, CA 94597
(925) 947-1140
jesse@smyersappraisal.com

EXPERIENCE

Mr. Smyers has 38 years experience as a real estate appraiser. Appraisal assignments have covered a wide range of existing and proposed properties, including residential developments, offices, industrial, retail, raw acreage, and special purpose properties. His clients include individuals, attorneys, lenders, and public agencies. Mr. Smyers has often testified in court as an expert witness with regard to real estate value.

1985 to Present
President, Smyers Appraisal Inc.
Walnut Creek, California

1983 to 1985
Vice President/Manager, Commercial Appraisal Department
American Savings and Loan Association

1979 to 1983
Associate Appraiser
The Fordiani Company

1972 to 1979
Associate Appraiser
Contra Costa County Assessor's Office

EDUCATION

University of California, Davis, B.S. - Economics, 1969
Appraisal Institute

Courses:
- Real Estate Appraisal Principles
- Capitalization Theory & Techniques (A & B)
- Case Studies in Real Estate Valuation
- Standards of Professional Practice
- Real Estate Investment Analysis
- Advanced Applications

Seminars:
- Investment Analysis
- Subdivision Analysis
- Residential Design and Functional Utility
- Valuation of Syndicated Property and Partnership Interests
- The Money Market and its Impact on Real Estate
- Contemporary Appraising of Income Properties
- Easement Valuation
- Report Writing
- The Dynamics of Office Building Appraisal
- Detrimental Conditions
- Appraisal of Non-Conforming Uses
- Case Studies in California Eminent Domain
- Analyzing Distressed Real Estate
- California Eminent Domain Appraisal Practice

EDUCATION (continued)

California State Board of Equalization
Course II - Residential Cost Estimating
Course IV - Income Approach to Value

International Right-of-Way Association
Course: Appraisal of Particular Acquisitions - Course 401

California Society of CPAs
Seminar: Advanced Estate Planning

TEACHING, SPEAKING AND PUBLICATION

Instructor, Diablo Valley College, Real Estate Appraisal II, 1993 & 1994
Instructor, Appraisal Institute Seminar on Eminent Domain, 1995
Speaker at the Valley Seminar, April 1982 - "Small Office Building Appraisal"
Article Published: "Diminution in Value of Single Family Homes" Contra Costa Lawyer, January 1995

PROFESSIONAL CREDENTIALS

Appraisal Institute, MAI - Certificate # 6594
Chapter Offices: Board of Directors 1990-1992
Chapter Committees: Admissions Chairman 1989, 1991
- Communication Development/Chairman 1983
- Education/Chairman 1988
- Seminars Chairman 1985
Regional Committees:
- Regional Professional Standards
- Experience Review Committee
National Committees:
- National Board of Examiners
Certified General Real Estate Appraiser - State of California # AG004147
Member - The International Right-of-Way Association

TESTIMONY

U. S. District Court, San Francisco, California
Superior Court, Alameda, Contra Costa and Solano Counties, California
Federal Bankruptcy Court, Las Vegas, Nevada; Oakland, California
Arbitration hearings and numerous depositions
TRENTIN P. KRAUSS
1547 Palos Verdes Mall, #113
Walnut Creek, CA 94597
(925) 947-1140
tkrauss@smyersappraisal.com

EXPERIENCE
Mr. Krauss has over eight years experience as a real estate appraiser. Appraisal assignments have covered a wide range of existing and proposed properties, including residential developments, offices, industrial, retail, raw acreage, and special purpose properties. His clients include individuals, attorneys, lenders, and public agencies.

2000 to Present
Associate Appraiser, Smyers Appraisal Inc.
Wahiut Creek, California

2000 to 2003
Investment Bank, Barclays Global Investors
Wahiut Creek, California

EDUCATION
California Polytechnic State University, San Luis Obispo
B.S. - Finance, Minor Economics (1999)

Appraisal Institute
Courses:
Basic Appraisal Principles
Basic Income Capitalization
Advanced Income Capitalization
Highest and Best Use and Market Analysis
Advanced Sales Comparison and Cost Approaches
Report Writing and Valuation Analysis
Advanced Applications
Condemnation Appraising: Basic Principles & Applications
National USPAP Course

Seminars:
Arbitration: What you Can’t Learn from Books
Inspecting Commercial Properties
Real Estate Damage Economics
Appraising Partial Interests
Appraising Green Properties
Appraising Outside the Box
Liability, Errors, Omissions
Investment Analysis
Subdivision Analysis

TESTIMONY
Superior Court, Contra Costa County, California

PROFESSIONAL CREDENTIALS
Appraisal Institute - Associate Member # 433133
Certified General Real Estate Appraiser - State of California # AG043134

LIST OF CLIENTS
Antioch Unified School District
Assoc. of Bay Area Governments (ABAG)
Assoc. Right of Way Services
Bank of America
Bank of Walnut Creek
Bardelli, Straw & Cavin
Bay Area Rapid Transit District (BART)
Blanding, Boyer & Rockwell
Holden, Polsinelli, Buxton, Nelsen & Judson
Brentwood Union School District
California Dept. of Transportation
Chicago Title/Fidelity Title
Cities of: Alameda, Antioch, Brentwood, Clayton, Concord, Danville, Dublin, El Cerrito, Fremont, Hercules, Lathrop, Oakdale, Oakland, Orinda, Pittsburg, Pleasant Hill, Richmond, San Leandro, Tracy, Walnut Creek
Civic Bank of Commerce
Comerica Bank
Contra Costa County Redevelopment Agency
Contra Costa County Sanitary District
Contra Costa Water District (CCWD)
Crosby, Henley, Roach & May
Discovery Builders
East Bay Municipal Utility District
East Bay Regional Park District
First American Title Guaranty Company
Fremont Bank
Gage, McCoy, McMahon & Armstrong
Garaventa Enterprises
Gordon, DeFrate, Warous & Pezzaglia
Internal Revenue Service
Knighton Elementary School District
Lamontville School District
Liberty Union High School District
McNamara, Dodge, Noy, Beatty, Slattery
Mechanics Bank
Miller, Starr & Regalia
Multi Heritage Land Trust
Oakland Unified School District
Pacific Union Frontiers
Port of Oakland
San Ramon Valley Unified School District
Save Mount Diablo
Schiller Law Group
A. D. Seeno Construction Company
Shapiro, Buchman, Provine, Patton LLP
Smith, Lally & Perret
Solano County
Stone & Youngberg
Sumitomo Bank
Summit Bank
Sutro and Company
Tracy Unified School District
Turner, Huguet & Adams
U. S. Army Corps of Engineers
University of California
Vintage Bank
Wells Fargo Bank
Please call for specific individual references

PRINCIPAL CALIFORNIA ASSIGNMENT LOCATIONS
COUNTIES: Alameda, Contra Costa, Napa, San Joaquin and Solano

smyersappraisal
real estate appraisal and consulting
DEFINITIONS OF TERMS

The following definitions are reprinted from the Uniform Standards of Professional Practice as promulgated by the Appraisal Standards Board of The Appraisal Foundation or The Dictionary of Real Estate Appraisal, which is published by the Appraisal Institute.

Market Value

"Market value is the major focus of most real property appraisal assignments; developing an estimate of market value is the purpose of most appraisal assignments. The current definition of market value was first formally identified by Adam Smith and has been continually refined."

Market value as employed in this report is defined as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well-informed or well-advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Cash Equivalent

"A price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts."

Condominium

"A form of fee ownership of separate units or portions of multi-unit buildings that provides for formal filing and recording of a divided interest in real property, where the division is vertical as well as horizontal; fee ownership of units in a multi-unit property with joint ownership of common areas."

Dedication

"A voluntary gift by the owner of private property for some public use, e.g., the dedication of land for streets and schools in a development."

Fee Simple Estate

"Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation."

Floor Area Ratio

"The relationship between the aboveground floor area of a building and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the floor area of a building is twice the total land area."

Leased Fee Estate

"An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; usually consists of the right to receive rent and the right to repossession at the termination of the lease."

Leasehold Estate

"The right to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease."

Right of Way

"A privilege to pass over the land of another in some particular path; usually an easement over the land of another; a strip of land used in this way for railroad and highway purposes, for pipelines or pole lines, and for private or public passage."

Cash Equivalent

"A price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts."
Property Detail Report
For Property Located At
GIANT RD, RICHMOND, CA 94801

Owner Information:
Owner Name: PINOLE POINT PROPERTIES LLC
Mailing Address: 3201 DANVILLE BLVD #245, ALAMO CA 94507-1980 C008
Phone Number: 405-030-045

Location Information:
County: CONTRA COSTA
Census Tract / Block: 3650.01 / 1
Legal Description: T202PM13 PCLA
APN: 405-030-046-8

Property Details:

Year Built / Eff: Total Rooms/Offices: 13.09
Gross Area: Garage Area: 996,206
Building Area: Garage Capacity: Parking Spaces: 0
Total Adj Area: Heat Type: 0
Above Grade: Construction: Foundation: 0
# of Stories: Exterior wall: Pool: 0
Other Improvements: Basement Area: Condition: 0

Site Information:
Zoning: Acres: 12.56
Flood Zone: Lot Area: Total Rooms/Offices: 12.56
Flood Panel: Lot Width/Depth: Total Room Capacity: 996,206
Flood Panel Date: Land Use: Building Type: 0
Land Use: BUILDING:

Tax Information:
Total Value: $158,259
Land Value: $155,208
Improvement Value: $3,050
Total Taxable Value: $158,259

County Use: 12.56
State Use: 0
County Use: 0
State Use: 0

$139,312
$139,312
$38,659.58
$0.00
Property Tax:
Tax Rate:
Tax Exemption:
}.961
0.67
Property Detail Report
For Property Located At
GIANT RD, RICHMOND, CA 94801

Owner Information:
Owner Name: PINOLE POINT PROPERTIES INC
Mailing Address: 2351 DANVILLE BLVD #245, ALAMO CA 94507-1980 COOB
Phone Number: 415-030-049-2

Location Information:
County: CONTRA COSTA, CA
Census Tract / Block: 9950.01 / 1
Legal Book/Page: 605-030-049-2
Legal Lot: 1
Legal Block: 1
State: CA
ZIP Code: 94801

Owner Transfer Information:
Recording Date: 1/1/2017
Sale Price: $74,540
Document #: 415-030-049-2

Legal Description:
APN: 415-030-049-2

Last Market Sale Information:
Recording Date: 1/1/2017
Sale Price: $74,540

Prior Sale Information:
Prior Recording Date: 1/1/2017
Prior Sale Price: $74,540

Property Characteristics:
Year Built / Eff: 1
Total Room/Offices: 14.69
Total Restrooms: 1
Gross Area: 1
Building Area: 1
Lot / Lot Area: 639,722
Above Grade: 1
& of Stories: 1
Basement Area: 1
Total Improvement: 1
Building Class: 1
Garage Area: 1
Garage Capacity: 1

Site Information:
Zoning: VACANT
Flood Zone: INDUSTRIAL (50)
Flood Panel: INDUSTRIAL ACREAGE

Tax Information:
Assessed Year: 2011
Assessed Value: $74,540
Property Tax: 1
Total Taxable Value: $74,540
Tax Year: 2011
Tax Area: 00003
Tax Exemption: 40,609
Property Detail Report
For Property Located At
GIANT E RD, RICHMOND, CA 94806

Owner Information:
Owner Name: PINOLE POINT PROPERTIES LLC
Mailing Address: 2521 DANVILLE BLVD #245, ALAMO CA 94507-1800
Phone Number:

Location Information:
County:

Legal Description:
PCL MAP 136 PG 26 PCL 2
County:

Census Tract / Block:
3040.02 / 0

Legal Book/Page:
APN: 456-270-008-7

Legal Lot:

Legal Block:

Legal Section:

Legal Quarter:

Neighbor Code:

Owner Transfer Information:
Recording/Sale Date: 08/16/2008 / 08/16/2008
Sale Price:

Last Market Sale Information:
Recording/Sale Date:
Sale Price:
Sale Type:
Deed Type:
Transfer Document #:
New Construction:

Title Company:

Lender:

Seller Name:

Prior Sales Information:
Prior Rec/Sale Date:
Prior Sale Price:
Prior 1st Mtg Amt/Type:
Prior 1st Mtg Rate/Type:

Property Details:

Year Built:
Exterior Wall:
Roof Type:
Roof Material:
Foundation:

Total Rooms:
Total Restrooms:

Story:

Basement Area:

Construction:

Outside Area:

Lot Area:

Lot Width:

Lot Depth:

Commercial Units:

Building Class:

Quality:

Condition:

Property Tax:

Land Use:

INDUSTRIAL

ACREAGE

Total Value:

Land Value:

Improvement Value:

Taxable Value:

Assessed Year:

Property Tax:

Improvements %:

Tax Year:

Tax Exemption:

Total Taxable Value:

Tax Rate:

Total Room/Offices:

Garage Area:

Garage Capacily:

Parking Spaces:

Heat Type:

Air Cond:

Pool:

Quality:

Condition:

SITE INFORMATION:

Zoning:

INDUSTRIAL

(INDUSTRIAL

Site Influence:

Sewer Type:

Water Type:

Water Type:

Property Tax:

Improvements %:

Tax Year:

Tax Exemption:

Total Room/Offices:

Garage Area:

Garage Capacily:

Parking Spaces:

Heat Type:

Air Cond:

Pool:

Quality:

Condition:

SITE INFORMATION:

Zoning:

INDUSTRIAL

(INDUSTRIAL

Site Influence:

Sewer Type:

Water Type:

Property Tax:

Improvements %:

Tax Year:

Tax Exemption:

Total Room/Offices:

Garage Area:

Garage Capacily:

Parking Spaces:

Heat Type:

Air Cond:

Pool:

Quality:

Condition:
ARTICLE 15.04.600 PA-PLANNED AREA DISTRICT

15.04.610 PA-Planned Area District.

SECTIONS
15.04.610.010 Title, Purpose and Applicability.
15.04.610.020 General Standards Pertaining to the PA District.
15.04.610.030 Procedures.
15.04.610.050 Signs.
15.04.610.060 Administrative and Enforcement Procedures.

15.04.610.010 Title, Purpose and Applicability.

The provisions of Section 15.04.610 shall be known as the PA-planned area district. The purpose of this district is to promote development of large areas in substantial compliance with the principles and standards of the Richmond general plan. This includes permitting appropriate variety and diversity in the composition and relationship of land uses, building types, structures, lot sizes and open spaces. The specific purposes of the PA district are to:

A. Establish a procedure for the development of large parcels of land (2 acres or more) in order to reduce or eliminate the rigidity, delays and conflicts that otherwise may result from application of zoning standards and procedures designed primarily for small parcels;

B. Ensure orderly and thorough planning review procedures that will result in quality urban design;

C. Establish a review procedure for large residential developments including condominium developments;

D. Provide the allocation and improvement of common open space in residential areas, and provide the mechanisms for the maintenance of open space by those who will most directly benefit from it;

E. Permit the development of commercial and industrial developments in appropriate locations to obtain a coherent design, increased public amenities, and protection and buffering for adjacent land uses;

F. Establish review procedures for any project utilizing atypical design concepts, and/or not conforming with the standards of the base zoning district;

G. To facilitate implementation of the City's affordable housing policies.

15.04.610.020 General Standards Pertaining to the PA District.

A. Minimum Area. The minimum area of a PA district shall be two acres of contiguous land.

B. Density. The maximum number of dwelling units or density in a PA district shall not exceed the maximum permitted by the Richmond general plan designation for the total area of parcels designated for the specific use and for open space. This excludes areas dedicated to public and private streets and areas with a slope in excess of 30%. Maximum residential density and/or commercial floor area ratio in a PA district shall not exceed the maximum permitted by the Richmond general plan designation for the total area of parcels designated for PA use.

15.04.610.030 Procedures.

C. Performance Standards. The performance standards prescribed in Section 15.04.840 shall apply.

D. Other Standards. Minimum lot areas, setbacks, building height limits, other development standards and similar regulations of the base zoning districts may be modified as a part of an approved PA district. Regulations of other sections of this chapter are applicable.

15.04.610.030 Procedures.

A. Initiation. An amendment to the zoning ordinance to rezone property to a PA district shall be initiated by a property owner or authorized agent, the Planning Commission or the City Council. If the property is not under single ownership, all owners shall join in an application, and a map showing the extent of ownerships shall be submitted with the application materials specified in subsection 15.04.610.040 of this section.

B. Rezoning and Subdivision. Rezoning property to the PA district shall be carried out as specified in Section 15.04.860. If the development in a planned area district includes the subdividing of land, initial review and approval in principle of a subdivision preliminary plan by the Subdivision Review Committee of the Planning Commission is required. The PA plan shall be in conformance with Chapter 15.08, Subdivisions, but shall be processed through the City Council prior to any subdivision tentative map pursuant to Section 15.08.070. Subsequent approval of the subdivision tentative map by the Planning Commission shall be consistent with the approved planned area plan.

C. Required Application Materials. All of the following materials shall be required to be submitted for an amendment to the zoning ordinance and map for a PA-planned area district:

1. A map at a scale no smaller than 1 inch = 100 feet showing proposed district boundaries, existing contours at no greater than 10 feet intervals, and the relationship of the district to uses and structures within 300 feet of district boundaries;

2. A description of what is being proposed, a statement as to its conformance to the Richmond general plan or adopted local area plan, and the proposal's relationship to future land use(s) in the surrounding area;

3. A plot plan, at no smaller than 1 inch = 20 feet showing building locations and types, existing and finished contours at no greater than 1 foot intervals, and other appropriate site details including provisions for circulation and parking;

4. The proposed land use or uses and acreage of each separate grouping within the subject area and proposed population density;

5. The existing natural land features, topography, rock outcrops, tree masses and watercourses on and adjacent to the proposed development;

6. The location and boundaries of the subject property;

7. The metes and bounds of the boundary of the subject property together with dimensions of lands to be divided;

8. A preliminary landscape and recreational plan;
9. Preliminary soils report;
10. Preliminary grading plan, or principles and standards;
11. An analysis of all public, quasi-public and recreational areas and facilities proposed to be located within the development. This analysis shall include a statement of anticipated financing, development and maintenance;
12. A justification of the need for commercial and industrial uses, if any, proposed to be located within the development;
13. A market analysis of proposed commercial uses, if the property is not zoned for commercial purposes at the time of submission of the development plan;
14. A residential density analysis of the subject area, and the estimated population resulting therefrom;
15. Delineation of the progressive schedule of construction of units, if the entire development is not to be constructed at one time.

Approval of PA. The Planning Commission shall consider an application for rezoning to PA district as prescribed in Section 15.04.960. A recommendation of the commission to the City Council to rezone to a PA district shall be accompanied by a resolution which shall include the following findings:
1. The PA plan is consistent with the Richmond general plan and other applicable policies and is compatible with surrounding development;
2. The PA plan will result in superior urban design in comparison with the development under the base zoning district regulations that would apply if the plan were not approved; and
3. The PA plan includes adequate provision for utilities, public services, emergency vehicle access that will not exceed the capacity of existing and planned public services and infrastructure.

Denial of the application by the Planning Commission shall be final unless an appeal is filed to the city council within ten days pursuant to Section 15.04.980 of this chapter.

Upon receipt of a Planning Commission recommendation of approval, or approval subject to conditions, within sixty days the City Council shall hold a public hearing on the application to rezone to PA district. Following the public hearing, the Council may adopt an ordinance altering the zoning on the subject property to the PA district and approving the PA plans, such approval being subject to such conditions as the Council deems appropriate, or the Council may deny the application.

E. Status of PA Plan. A PA plan shall be effective on the same date as the ordinance creating the PA district for which it was approved and shall expire four years after the effective date unless a building permit has been issued and construction diligently pursued. An approved PA plan may specify a development stage exceeding four years.

The Planning Commission may renew a PA plan for three years subject to a review of the conditions and a finding of consistency with the Richmond general plan is made. Application for renewal shall be made to the Planning Director in writing prior to the expiration of the PA plan. Upon such application, the PA plan shall automatically be extended for 60 days or until the application for extension is considered at a public hearing with notice given as specified in Section 15.04.910, whichever comes first.

Design Review Board: Design Review Board review and recommendation to the Planning Commission is required. The Planning Director or his/her designee shall review the building permit applications to ensure compliance with the conditions of the PA district approval.

15.04.610.050 Signs.
All signs must comply with the applicable provisions of Section 15.04.600, in addition to Chapter 15.06, Sign Ordinance, and Chapter 4.04, Sign Code.

15.04.610.060 Administrative and Enforcement Procedures.
All activities, development and uses allowed in this district are subject to the provisions prescribed in Section 15.04.900. Provisions of this section and any conditions of approval will be enforced in accordance with the provisions set forth in Sections 15.04.950 and 15.04.990.

(Amended by Ordinance No. 37-96 N.S.; amended by Ordinance No. 7-99 N.S.)
13.04.420 CRR-Community and Regional Recreational District

§ 13.04.420 Title, Purpose and Applicability

The provisions of Section 13.04.420 shall be known as the CRR-Community and Regional Recreational District. The CRR District is intended to create, preserve and enhance land, park, park-like and recreational areas for public use and enjoyment for the benefit of the residents of the City of Richmond, to encourage and enhance the general welfare, and to promote the health, safety and welfare of the City and its citizens. The purpose of the regulations for this district is to implement policies contained in the Richmond General Plan, particularly the policies contained in the Recreational Land and Parkland/Recreation land use categories of the Richmond General Plan.

§ 13.04.420.010 Permitted Uses

The following uses shall be permitted: Suitable uses may be permitted by the provisions of the Richmond General Plan, or by plan, if the City, upon receiving comments and supporting materials, recommends that a use be permitted as long as there is no increase in the population or any other additional uses.

§ 13.04.420.020 Conditioned Uses

The following uses shall be permitted if the conditions of the use are met.

§ 13.04.420.030 Development Standards

The following standards shall apply to the CRR-Community and Regional Recreational District.

§ 13.04.420.040 Performance Standards

The following standards shall apply to the CRR-Community and Regional Recreational District.
Zoning Ordinance

Page 3 of 6

15.04.150 MFR-2-Multi-Family: Medium Density Residential District

The provisions of Section 15.04.150 shall be known as the MFR-2-Multi-Family: Medium Density Residential District. MFR-2 Multi-Family is intended to create, preserve, undo, and encourage Medium Density Residential lands in areas with accessibility to major transportation, retail, shopping and community centers. Any applicable provisions shall be intended to specifically reduce or eliminate other uses of the land that do not relate to the purpose of the regulations for the district so as to implement proper standards in the medium density residential and multifamily districts. MFR-2 Multi-Family District

15.04.150.010 Purpose and Applicability

The following uses shall be permitted. Further uses may be permitted by interpretation of the Planning Director or except:

Residential Uses
- Single Family Residential
- Multi-Family Residential
- Dormitory/Dwelling Units
- Civic, Public and Semi-Public Uses
- Community Centers
- Community Care Licenses
- Nursing Home/Board and Care
- Food Stores/Restaurant/Dining
- Veterinary Facilities
- Others

Primary use of property results in smelled. For 18 persons or fewer only.

Cul-de-sac Streets

Page 2 of 6
ARTS AND CRAFTS SHOWS. OUTDOORS

The following use may be permitted by Conditional Use Permit and must comply with the terms and conditions of the permit as provided for in Section 13.04.10B. Similar uses may be substantially permitted by incorporation of the Planning District as follows:

- Arts and Crafts Shows
- Outdoor Exhibits
- Street Fairs

The following use may be permitted by Conditional Use Permit and must comply with the terms and conditions of the permit as provided for in Section 13.04.10B. Similar uses may be substantially permitted by incorporation of the Planning District as follows:

- Senior Housing
- Planned Residential Uses
- Colleges, Universities, Vocational Schools and Educational Facilities
- Day Care, General
- Day Care Centers
- Emergency and Secondary Schools
- Religious Facilities
- Kennels
- Religious Seminaries
- General Assembly

Additional Uses
- Temporary Shelters
- Vernon Homes
- Senior Housing
- Public Administration and Related Offices
- Retail Sales and Other Lodging Places
- Adult Retirement Community
- Social Service Housing
- Medical and Dental Office Membership Organizations, Club and Lodge

Planned as a conditional use within a residential bedroom.
### Zoning Ordinance

#### Minimum Lot Sizes

<table>
<thead>
<tr>
<th>Minimum Lot Size (acres)</th>
<th>Minimum Lot Size (ft.)</th>
<th>Minimum Lot Size (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.125</td>
<td>30</td>
<td>4.5</td>
</tr>
<tr>
<td>0.25</td>
<td>60</td>
<td>9.0</td>
</tr>
<tr>
<td>0.5</td>
<td>150</td>
<td>22.5</td>
</tr>
</tbody>
</table>

#### Minimum Lot Widths

- Front: 10 feet
- Side: 20 feet
- Rear: 10 feet

#### Maximum Building Heights

- Single Family: 35 feet
- Duplex: 35 feet
- Multi-Family: 35 feet

#### Open Space Requirements

- For single-family dwellings and duplexes, open space equal to 10% of the lot area shall be provided.

#### Parking and Loading Requirements

- Single Family: 1 space per unit
- Duplex: 1 space per unit
- Multi-Family: 1 space per unit

#### Additional Standards

- All signs must comply with the applicable provisions of Section 15.04.080.20. In addition to Section 15.04.080.20, all signs shall be in accordance with Section 15.06.040.020 of the Richmond Municipal Code.
15.04.320 M-2-Light Industrial District.

SECTIONS
15.04.320.010 Title, Purpose and Applicability.
15.04.320.020 Permitted Uses.
15.04.320.030 Accessory Uses.
15.04.320.040 Conditional Uses.
15.04.320.050 Development Standards.
15.04.320.060 Performance Standards.
15.04.320.070 Packing and Loading Standards.
15.04.320.080 Signs.
15.04.320.090 Administrative and Enforcement Procedures.

15.04.320.010 Title, Purpose and Applicability.

The provisions of Section 15.04.320 shall be known as the M-2-light industrial district. The M-2 zone is intended to create, preserve and enhance areas containing manufacturing, warehousing, trucking and distribution oriented uses, and related establishments with limited external impact on the surrounding areas within an open and attractive setting. On-site administrative offices or company headquarters and support retail services may be found in this district. Any applicable overlay district described in Section 15.04.500 may impose additional regulations for this district. The purpose of the regulations for this district is to implement policies contained in the Richmond general plan, particularly policies prescribed by the light industry land use category.

15.04.320.020 Permitted Uses.

The following uses shall be permitted. (Uses involving chemicals may also be subject to Section 15.04.820.020, Hazardous Materials, in which case the more restrictive requirements shall apply.) Similar uses may be permitted by interpretation of the Planning Director or designee.

**Industrial Uses.**
- Construction.
  - Special trade contractors:
    - carpentry
    - electrical
    - plumbing, heating, air conditioning
- Manufacturing.
  - Apparel and other finished products
  - Chemicals and allied products:
    - detergents, cleaning preparations, cosmetics, drugs, including medicinal/pharmaceuticals and biological products (laboratory requirements to Biosafety Levels 1 and 2 only)
- Computer and office equipment
- Electronics and other electronic equipment (excluding computer equipment, semiconductors and related devices):
  - electric transmission and distribution equipment (voltage regulators)

15.04.320.080 Signs.

Administrative and Enforcement Procedures.

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household appliances
   electric lighting and wiring equipment
   communications equipment
Fabricated metal products:
   metal cans and shipping containers
cutlery, handtools, and general hardware
sheet metal
Food and kindred products
Furniture and fixtures
Leather and leather products, except tanning and finishing
Miscellaneous manufacturing industries except:
   linoleum, asphalted fab-based and other hard surface floor coverings
Paper and allied products (finished products only):
   converted paper and paperboard products (except containers and boxes)
   paperboard containers and boxes
Printing and publishing
Professional, scientific and precision equipment:
   laboratory apparatus and analytical, optical, measuring and controlling instruments
   photographic equipment and supplies
Research and development activities (laboratory requirements to Biosafety Levels 1 and 2 only)
Stone, clay and glass products (small scale manufacturing only)
Residential Uses
   Caretaker's residence (except in the transition zone)
   Transportation, Communications and Public Utilities
   Local and interurban passenger transit (except maintenance yards)
   Motor freight, railroad and truck transportation
   Public utilities, minor
Sanitary waste and recycling services:
   recycling facilities
   small reverse vending machines
Warehousing
Wholesale Trade—Durable Goods
   Furniture and home furnishings
   Lumber and other construction materials except:
   brick, stone, and related construction materials
   Motor vehicles and motor vehicle parts and supplies except:
   establishments engaged in dismantling of motor vehicles for the purpose of selling parts
   Professional and commercial equipment and supplies
   Electrical goods
Hardware and plumbing and heating equipment and supplies
   Machinery, equipment and supplies:
      industrial supplies
      service establishment equipment and supplies
Miscellaneous durable goods except:
   scrap and waste materials
Wholesale Trade—Nondurable Goods
   Paper and paper products
   Drugs, drug proprietarys, and druggists' sundries
   Apparel, piece goods and notions
   Groceries and related products
   Miscellaneous nondurable goods:
      books, periodicals, and newspapers
      flowers, nursery stock, and florist's supplies
      tobacco and tobacco products
      paints, varnishes, and supplies
Miscellaneous Repair Services
   Electrical repair shops
   Upholstery and furniture repair
   Miscellaneous repair shops
Civic, Public and Semipublic Uses
   Day care center (except in the transition zone)
   Public safety facilities
Commercial Uses
   Auto body shop
   Auto repair service (within totally enclosed buildings)
   Auto parking service
   Bulk sales distribution
   Business services
   Commercial filming and recording studios
   Domestic animals sales and services
   Gasoline service stations
Agricultural Uses
   Commercial nurseries
Temporary Uses
   Flea markets/swap meets, nonrecurring
   Seasonal sales lots
Accessory Uses.

Accessory uses and buildings shall be limited to those uses that are clearly incidental to the primary use of the property and which are sited within the property boundaries of the primary use. Refer to Section 15.04.880 for details.

Conditional Uses.

The following uses may be permitted by conditional use permit and then must comply with all the terms and conditions of the permit as provided for in Section 15.04.910. (Uses involving chemicals may also be subject to Section 15.04.820.020, Hazardous Materials, in which case the more restrictive requirements shall apply). Similar uses may be conditionally permitted by interpretation of the Planning Director or designee.

Industrial use
- Mini-storage warehouse
- Construction
- General building contractor
- Landscape contractor
- Manufacturing
- Architectural and ornamental metal work
- Industrial and commercial machinery: engines and turbines
- Farm and garden machinery and equipment
- Converted paper and paperboard products, except containers and boxes
- Stone, clay and glass products (except quarrying and rock crushing)
- Transportation, Communications, and Public Utilities
- Communications facilities
- Public utilities, major
- Sanitary waste and recycling services: recycling facilities, large

Residential Uses
- Live/work (except in the transition zone)

Commercial Uses
- Adult business
- Amusement enterprises
- Eating establishment
- Eating establishment (fast food)
- Eating establishment with alcoholic beverage sales
- Engineering, management, public administration and related offices and services

Massage establishments

Civic, Public and Semi-public Uses
- Adult vocational school
- Colleges, universities, vocational schools, and educational facilities
- Correctional and rehabilitation facilities (except in the transition zone)

Development Standards.

The following is a partial listing of standards that shall apply in the M-2 light industrial districts. For a complete delineation of all development standards applicable refer to Section 15.04.830. If the property is located within an area governed by a specific plan, then its provision would apply.

(Amended by Ordinance No. 37-96 N.B.)

<table>
<thead>
<tr>
<th>Min. Lot Area (sq. ft.)</th>
<th>Building Height (ft.)</th>
<th>FAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0.65</td>
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</table>

<table>
<thead>
<tr>
<th>Setbacks and Yards (ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front</td>
</tr>
<tr>
<td>Minor street 10</td>
</tr>
<tr>
<td>Collector street 25</td>
</tr>
<tr>
<td>Side</td>
</tr>
<tr>
<td>10, 15</td>
</tr>
<tr>
<td>Rear</td>
</tr>
<tr>
<td>None 15</td>
</tr>
</tbody>
</table>

1. Additional height for appurtenances may be allowed with a conditional use permit.
2. Thirty-five foot height limit required when located within 100 feet of shoreline, of a public park, recreational trail, recreational right-of-way or residential development. The Planning Commission may allow up to 75 feet plus appurtenances with the approval of a conditional use permit.
3. Only when abutting residential, public park, recreational trail or commercial right-of-way or shoreline.

Performance Standards.

The uses in this district must comply with all applicable performance standards delineated in Section 15.04.840.

Parking and Loading Standards.

In addition to the number of parking spaces which follow, all parking and loading must comply with the provisions contained in Section 15.04.850.

<table>
<thead>
<tr>
<th>Light Industrial Manufacturing Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1,500 gross square feet</td>
</tr>
</tbody>
</table>

Other Uses

Refer to Section 15.04.850

Signs.

All signs must comply with the applicable provisions of Section 15.04.860, in addition to Chapter 15.06, Signs Ordinance, and Chapter 4.04, Sign Code.
Administrative and Enforcement Procedures

All activities, development and uses allowed in this district are subject to the provisions contained in Section 15.04.900. Provisions of this section and any conditions of approval will be enforced in accordance with the provisions set forth in Sections 15.04.950 and 15.04.990.

(Amended by Ordinance Nos. 31-97 N.S., 9-04 N.S., 8-08 N.S. and 18-08 N.S.)

Water Related Commerce and Commercial Recreation

Usually found only where there is good access both by land and water, these specialized uses capitalize on their shoreline locations to serve other water oriented uses, most often marinas. They vary in size but tend to be like the 5 to 15 acre community shopping centers. Typical uses include boat sales, rentals and repairs, sail makers and chandlers, restaurants and fish markets, and boat club facilities. Residential uses may also be found within these areas at densities of 9 to 21 units per net acre. The market area served can be Planning Area wide or broader, depending upon the degree of specialty.

Industrial Categories

Livework environments are permitted within each of the industrial categories in accordance with provisions provided in the Richmond Zoning Ordinance (R.M.C. 15.04). The FAR allowed within the applicable industrial category applies to the livework use.

Industrial/Office Flex (FAR - not to exceed 0.50):

Industrial activities in this area are generally limited to light manufacturing, light assembly, research, product development and testing, engineering and sales development, other research functions leading to new product development and marketing, publishing, printing, and small distribution facilities using small delivery trucks. Manufacturing activities are limited to non-nuisance light manufacturing and assembly, and pilot plant operations for manufacturing and testing of prototype products. Commercial offices including corporate headquarters could be found within this category. Retail uses are generally limited to those providing support services or which are regional in serving and sell in bulk warehouse quantities. It is assumed that Industrial/Office Flex uses will have warehouse-like buildings with over 10% of their floor space devoted to office uses. Types of uses that would be found within this category include: laboratories, biotechnology and high-technology uses, light assembly, retail-warehouses, and comparable types of uses. Warehousing is allowed only when strictly ancillary to the primary uses or determined, on a case-by-case basis, to be compatible with the area through the use permit process.

Light Industry (FAR - not to exceed 0.63):

In addition to the types of uses permitted under the Industrial/Office Flex category, the uses within this category include warehousing, distribution centers, commercial nurseries and related establishments which have limited external impact on the surrounding area. It is assumed that these uses are located within open and attractive settings where development is carefully controlled to ensure compatibility between the industrial operations and other activities in the area. Where light industrial uses are adjacent to residential neighborhoods, particular care should be given to “buffer” the uses. The sites may have warehouse-like buildings with less than 10% office space. Support retail/service uses may be found within this category.
The Port of Richmond is a valuable component of the City's economic base whose long term viability needs to be sustained. Use of lands within this district should therefore be reserved for a wide range of municipal or private maritime marine terminals, cargo handling, ancillary manufacturing or related establishments that are dependent on direct port access for the import or export of raw materials or finished products. There is a large concentration of these uses along the Santa Fe Channel. Included in this designation are areas designated for Port-Priority Use under the BCDGMTC Seaport Plan, and land uses included within port priority use areas (see Glossary for definition). In addition to marine terminals, cargo handling (e.g. autos, containers, iron, steel, commodity handling), and ancillary manufacturing and office uses, the following types of uses may be found within this category: shipyard repair, sales, and storage, marinas, moorage, scrapyard, support services for the fishing industry, trucking and railroad yards, manufacturing uses which extensively use rail or transport facilities, and other ancillary uses allowed within port priority use areas. Uses not requiring a proximity to the port should be located elsewhere in the city, in an otherwise appropriate district.

Public and Institutional

These areas include public, semi-public and educational uses such as public offices, libraries, schools, hospitals, club/hall, corporation yards, and sewage treatment facilities which are owned or operated by governmental, non-profit or charitable agencies. Churches also fall within this category, but are allowed within other residential and commercial categories.

Open Space Categories

Open space is "any parcel or area of land or water that is essentially unimproved and devoted to any of the following: preservation of natural resources; managed production of resources; recreation; and public health and safety" (Government Code Section 65560 (b)). There are four general open space categories: Preservation/Resource Areas, Recreation Lands, Archeological and Cultural Resources, and Other Types of Open Space. All of these designations, except Archeological and Cultural Resources are indicated on the General Plan Land Use Map. Within these general categories, there are more specific sub-categories of open space which are indicated on the Open Space and Conservation Map or on maps in the Technical Appendix.

Both the general categories and the more specific sub-categories are described here for ease of reference. The Open Space and Conservation Element also indicates public health and safety areas relating to flood plains, fault zones, liquefaction potential, steep slopes and slides, and fire prone areas. These health and safety areas are described in the glossary at the end of this volume. The goals and policies relating to the sub-categories and the public health and safety areas can be found in the Open Space and Conservation Element.

Preservation/Resource Areas

These areas are designated to protect natural resources including the preservation of plant and animal life, habitat for fish and wildlife species; areas required for ecologic and other scientific study purposes; creeks, bays, marshes and estuaries; watershed lands; areas used for the managed production of resources including rangelands, agricultural lands, lands required for the recharge of ground water basins, and areas containing major mineral deposits.

There are a number of sub-categories within the Preservation/Resource Area category which are indicated on the Open Space and Conservation Map. The types of uses which fall into these sub-categories include agricultural lands, mineral resources, and saltmarshes, mudflats, and creek corridors. The hillside areas of the San Pablo-Sobrante, San Pablo-Potrero Ridge are also important Preservation/Resource Areas; these areas, however, are included within the Agricultural or Recreation Lands categories. Many of these Preservation/Resource Areas provide habitats which support rare or endangered species.

Some of the land on Sobrante Ridge, in Wildcat Canyon, and on San Pablo Ridge, is presently used for grazing. Those lands within the public park system are included under the Regional Park designation on the Land Use Map.