$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

August 27, 2003

INDEX OF TRANSCRIPT DOCUMENTS

A. BASIC LEGAL DOCUMENTS

1. Resolution No. 03-01, entitled "A Resolution of the Richmond Joint Powers Financing Authority Authorizing the Issuance, Sale and Delivery of its Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and its Tax Allocation Revenue Bonds, Series 2003B (Taxable), and Approving the Forms and Substance of a Trust Agreement, an Official Statement, a Bond Purchase Agreement and a Loan Agreement and Authorizing the Execution and Delivery Thereof and Authorizing Certain Other Actions in connection with the Issuance, Sale and Delivery of Such Bonds," adopted by the Richmond Joint Powers Financing Authority (the "Authority") on July 22, 2003, certified by the Deputy Secretary of the Authority.

2. Resolution No. 03-24, entitled "A Resolution of the Agency Board of the Richmond Redevelopment Agency Approving a Loan Agreement with the Richmond Joint Powers Financing Authority and Approving a Continuing Disclosure Agreement," adopted by the Richmond Redevelopment Agency (the "Agency") on July 22, 2003, certified by the Deputy Secretary of the Agency.

3. Resolution No. 98-03, entitled "A Resolution of the City Council of the City of Richmond Authorizing the Richmond Redevelopment Agency to enter into a Loan Agreement with the Richmond Joint Powers Financing Authority," adopted by the City of Richmond (the "City") on July 22, 2003, certified by the Deputy City Clerk.

4. Trust Agreement, dated as of August 1, 2003, between the Authority and Union Bank of California, N.A., as trustee (the "Trustee").

5. Loan Agreement, dated as of August 1, 2003, between the Agency and the Authority.

B. DOCUMENTS RELATING TO THE SALE OF THE BONDS

6. Report of Proposed Debt Issuance to California Debt Advisory Commission (Series 2003A and Series 2003B).

7. Preliminary Official Statement, dated August 1, 2003.

8. 15c2-12 Certificate.

9. Bond Purchase Agreement, dated August 14, 2003, among the Authority, the Agency and the Underwriter.

10. Official Statement dated August 14, 2003.

11. Continuing Disclosure Agreement of the Agency.

12. Report of Final Sale to California Debt and Investment Advisory Commission (Series 2003A and Series 2003B).

C. DOCUMENTS RELATING TO THE AUTHORITY AND THE AGENCY

13. Incumbency Certificate of the Governing Board of the Authority and the Agency Board of the Agency.

14. Signature and No-Litigation Certificate of the Authority.

15. Certificate Regarding Joint Exercise of Powers Agreement.

16. Initial Notice as to Joint Powers Agreement, stamped to reflect the filing with the California Secretary of State.

17. Statement of Facts Roster Filing, certified by the California Secretary of State and by the County Clerk.

18. Certificate of the Authority pursuant to Section 7(d)(7) of the Bond Purchase Agreement.

19. Tax Certificate for the Series 2003A Bonds, including Exhibit A, Certificate of the Underwriter, and Exhibit B, Certificate of the Bond Insurer.

20. IRS Form 8038-G (Series 2003A).

21. Written Request of the Authority to the Trustee.

22. Requisition No. 1.

23. Certificate of the Agency pursuant to Section 7(d)(6) of the Bond Purchase Agreement.

24. Certificate of the Agency Regarding Issuance of Parity Obligations.

25. Acknowledgment of Continuing Disclosure Obligations.

D. DOCUMENTS RELATING TO THE TRUSTEE

26. Incumbency Certificate and General Resolution of Trustee.

27. Certificate of the Trustee.

28. Authentication Certificate of the Trustee.

29. Trustee's Certificate of Deposit and Receipt.

E. DOCUMENTS RELATING TO THE UNDERWRITER

30. Receipt for Bonds.

31. Specimen of the Series 2003A Bonds.

32. Specimen of the Series 2003B Bonds.

33. Underlying Rating Letter of Standard & Poor's Ratings Services.

F. DOCUMENTS RELATING TO THE BOND INSURER

34. Debt Service Reserve Surety Bond No. 42209(2) relating to the Series 2003A Bonds.

35. Debt Service Reserve Surety Bond No. 42210(2) relating to the Series 2003B Bonds.

36. Financial Guaranty Agreement, dated as of August 27, 2003, by and between the Authority and the Bond Insurer, providing for the issuance of the Series 2003A Reserve Surety.

37. Financial Guaranty Agreement, dated as of August 27, 2003, by and between the Authority and the Bond Insurer, providing for the issuance of the Series 2003B Reserve Surety.

38. Financial Guaranty Insurance Policy No. 42009(1) relating to the Series 2003A Bonds.

39. Financial Guaranty Insurance Policy No. 42210(1) relating to the Series 2003B Bonds.

40. Rating letter from Standard & Poor's Ratings Services and Fitch, Inc.

41. Certificate of Insurer regarding the Official Statement.

G. LEGAL OPINIONS

42. Opinion of Bond Insurer's Counsel.

43. Opinion of Authority's Counsel.

44. Opinion of Agency's Counsel.

45. Opinion of Trustee's Counsel.

46. Final Opinion of Bond Counsel.

47. Supplemental Opinion of Bond Counsel.

48. Reliance Letter to Bond Insurer.

H. MISCELLANEOUS

49. Loan Agreement, dated August 27, 2003, by and between the Agency and the City.

50. Receipt of the City.

51. DTC Blanket Letter of Representations.

52. Uniform Facsimile Signature Certificates of the Treasurer/Auditor and Secretary of the Authority, as filed with the California Secretary of State.

53. Certificate of Fiscal Consultant.

54. Notice to the Department of Boating and Waterways.

55. Closing Memorandum.

56. Interested Parties List.

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

CERTIFICATE OF THE DEPUTY SECRETARY OF THE RICHMOND JOINT POWERS FINANCING AUTHORITY

I, Sandra Thompson, Deputy Secretary of the Richmond Joint Powers Financing Authority (the "Authority"), hereby certify that the foregoing is a full, true and correct copy of Resolution No. 03-01, entitled "A Resolution of the Richmond Joint Powers Financing Authority Authorizing the Issuance, Sale and Delivery of its Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and its Tax Allocation Revenue Bonds, Series 2003B (Taxable), and Approving the Forms and Substance of a Trust Agreement, an Official Statement, a Bond Purchase Contract and a Loan Agreement and Authorizing the Execution and Delivery Thereof and Authorizing Certain Other Actions in connection with the Issuance, Sale and Delivery of Such Bonds," adopted by the Authority on July 22, 2003.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, correct and complete copy of the Resolution adopted at said meeting and entered in said minutes; that the Resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption; and that said Resolution is now in full force and effect.

I further certify that an agenda of said meeting was posted at least seventy-two (72) hours before said meetings at a location fully accessible to members of the public in Richmond, California, and a brief general description of the Resolution appeared on said agenda.

IN WITNESS WHEREOF, I have executed this certificate this 27th day of August, 2003.

Sandra Thompson
Deputy Secretary of the Richmond
Joint Powers Financing Authority

RESOLUTION NO. 03-01

A RESOLUTION OF THE RICHMOND JOINT POWERS FINANCING AUTHORITY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF ITS TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT) AND ITS TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE), AND APPROVING THE FORMS AND SUBSTANCE OF A TRUST AGREEMENT, AN OFFICIAL STATEMENT, A BOND PURCHASE AGREEMENT AND A LOAN AGREEMENT, AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SUCH BONDS

WHEREAS, the Richmond Joint Powers Financing Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the "Authority");

WHEREAS, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "Law") to issue bonds to assist local agencies in financing public capital improvements whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the Richmond Redevelopment Agency (the "Agency") has found and determined that there will be significant public benefits to authorize a loan from the Authority to finance the redevelopment activities within its merged redevelopment project areas pursuant to the Community Redevelopment Law of the State of California (being Part I of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto, by entering into a Loan Agreement with the Authority, dated as of August 1, 2003, under the terms and conditions of which the Agency shall repay the loan from tax increment revenues generated from certain of its project areas which have a time limit for incurring indebtedness after January 1, 2004;

WHEREAS, the Authority has determined to authorized the issuance of its Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) in the principal amount of not to exceed $18,000,000 (the "Series A Bonds"), and its Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable) in the aggregate principal amount of not to exceed $14,000,000 (the "Series B Bonds" and, together with the Series A Bonds the "Bonds), to finance the costs of certain public capital improvements within the Agency's merged redevelopment project areas pursuant to the Loan Agreement and the Law and to assist the Agency in repaying certain obligations under a promissory note to the City of Richmond (the "City");

WHEREAS, the Authority has determined that all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in the Trust Agreement (the "Trust Agreement") dated as of August 1, 2003, by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"), the valid, binding and legal obligations of the Authority according to the import thereof and hereof have been done and performed;

WHEREAS, in furtherance of implementing the financing, there have been filed with the Secretary for consideration and approval by this Board forms of the following documents:

(a) the Trust Agreement, under the terms of which the Bonds are to be issued for the purpose of financing the capital public improvements, funding a reserve fund, providing for the partial payment of that certain promissory note dated as of August 1, 2003, executed by the Agency evidencing indebtedness of the Agency to the City for the amounts advanced by the City for the purpose of financing redevelopment activities, and paying for the costs of issuance of the Bonds;

(b) a Bond Purchase Agreement, under the terms of which, among other things, the Authority agrees to sell and the underwriter agrees to purchase the Bonds;

(c) a Preliminary Official Statement, describing the Bonds; and

(d) a Loan Agreement, under the terms of which the Agency shall repay the Loan;

WHEREAS, being fully advised in the matter of the financing, this Board wishes to proceed with implementation of said financing; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize the execution and delivery of certain documents in order to further implement the financing in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Richmond Joint Powers Financing Authority as follows:

Section 1. The foregoing recitals are true and correct, and this Board so finds and determines.

Section 2. Pursuant to the Law, the Series A Bonds shall be issued in the aggregate principal amount of not to exceed Eighteen Million Dollars ($18,000,000), provided, however, that (a) the true interest cost shall not exceed 5.50%, (b) the maximum yield on any maturity shall not exceed 5.50%, and (c) the maximum term of any maturity shall not extend beyond the year 2025.

Section 3. Pursuant to the Law, the Series B Bonds shall be issued in the aggregate principal amount of not to exceed Fourteen Million Dollars ($14,000,000), provided, however, that (a) the true interest cost shall not exceed 6.50%, (b) the maximum yield on any maturity shall not exceed 6.50%, and the maximum term of any maturity shall not extend beyond the year 2025.

Section 4. The form and substance of the Trust Agreement is hereby approved. The Treasurer/Auditor of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form and substance of the Bond Purchase Agreement is hereby approved. The Treasurer/Auditor of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. (a) The form and substance of the Preliminary Official Statement is hereby approved. The Treasurer/Auditor or designee thereof is authorized to execute the final Official Statement to be derived therefrom.

(b) This Board hereby authorizes the Treasurer/Auditor or designee thereof to find and determine that said Preliminary Official Statement in preliminary form is, and as of its date shall be deemed "final" for purpose of Rule 15c(2)-12 of the Securities and Exchange Commission, and the Treasurer/Auditor or designee thereof is hereby authorized to execute a certificate to such effect in the customary form.

(c) The Treasurer/Auditor or designee is authorized to approve corrections and additions to the Preliminary Official Statement by supplement or amendment thereto, by appropriate insertions, or otherwise as appropriate, provided that such corrections or additions shall be regarded by such officer as necessary to cause the information contained therein to conform to facts material to the Bonds or to the proceedings of this Board or that such corrections or additions are in form rather than in substance.

(d) The underwriter of the Bonds is authorized to distribute said Preliminary Official Statement and the final Official Statement to be derived therefrom in connection with the sale and distribution of the Bonds.

Section 7. The form and substance of the Loan Agreement is hereby approved. The Treasurer/Auditor of the Authority or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including any agency agreement, which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 9. This resolution shall take effect immediately upon its passage.

I certify that the foregoing resolution was passed and adopted by the Governing Board of the Richmond Joint Powers Financing Authority at a regular meeting thereof, held on the 22nd day of July, 2003, by the following vote:

AYES:	Boardmember/Councilmembers Bates, Belcher, Bell, Butt, Griffin, Rogers, and Chairperson.
NOES:	None.
ABSTENTION:	None.
ABSENT:	Vice Chairperson Penn.

DIANE HOLMES
Secretary of the Richmond Joint Powers Financing Authority

Approved:

IRMA L. ANDERSON
President of the Richmond Joint Powers Financing Authority

Approved as to form:

MALCOLM HUNTER
Authority Counsel

SECRETARY'S CERTIFICATE

I, Sandra L. Thompson, Deputy Secretary of the Richmond Joint Powers Financing Authority, do hereby certify as follows:

The foregoing resolution is a full, true and correct copy of a resolution duly adopted by a vote of a majority of the members of the Governing Board of said Authority at a special meeting of the Governing Board of said Authority duly and legally held on the 22nd day of July, 2003, of which meeting all of such members had due notice, as follows:

AYES:	Boardmembers Bates, Belcher, Bell, Butt, Griffin, Rogers, Viramontes, and Chairperson Anderson.
NOES:	None.
ABSTENTION:	None.
ABSENT:	Vice Chairperson Penn.

An agenda of said meeting was posted at least 72 hours before said meeting at 2600 Barrett Avenue, Richmond, California 94804, a location freely accessible to members of the public, and a brief description of said resolution appears on said agenda.

I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: July 22, 2003.

Sandra L. Thompson, Deputy

Secretary of the Richmond Joint
Powers Financing Authority

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

CERTIFICATE OF THE DEPUTY SECRETARY OF THE RICHMOND REDEVELOPMENT AGENCY

I, Sandra Thompson, Deputy Secretary of the Richmond Redevelopment Agency (the "Agency"), hereby certify that the foregoing is a full, true and correct copy of Resolution No. 03-24, entitled "A Resolution of the Agency Board of the Richmond Redevelopment Agency Approving a Loan Agreement with the Richmond Joint Powers Financing Authority and Approving a Continuing Disclosure Agreement," adopted by the Agency on July 22, 2003.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, correct and complete copy of the Resolution adopted at said meeting and entered in said minutes; that the Resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption; and that the Resolution is now in full force and effect.

I further certify that an agenda of said meeting was posted at least seventy-two (72) hours before said meeting at a location fully accessible to members of the public in Richmond, California, and a brief general description of the Resolution appeared on said agenda.

IN WITNESS WHEREOF, I have executed this certificate this 27th day of August, 2003.

Sandra Thompson
Deputy Secretary of the Richmond
Redevelopment Agency

RESOLUTION NO. 03-24

A RESOLUTION OF THE AGENCY BOARD OF THE RICHMOND REDEVELOPMENT AGENCY APPROVING A LOAN AGREEMENT WITH THE RICHMOND JOINT POWERS FINANCING AUTHORITY AND APPROVING A CONTINUING DISCLOSURE AGREEMENT

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (being Part I of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto (the "Law"), the Richmond Redevelopment Agency (the "Agency") has merged certain redevelopment project areas under certain redevelopment plans of the Agency;

WHEREAS, the Agency finds and determines that there will be significant public benefits to authorize a loan from the Richmond Joint Powers Financing Authority (the "Authority") to finance the redevelopment activities within the merged redevelopment project areas;

WHEREAS, for the purpose of repaying such loan, the Agency has proposed to enter into a Loan Agreement with the Authority, dated as of August 1, 2003, under the terms and conditions of which the Agency shall repay the loan from tax increment revenues generated from certain of its project areas which have a time limit for incurring indebtedness after January 1, 2004 pursuant to the Law;

WHEREAS, there has been presented to this meeting a proposed form of the Loan Agreement (the "Loan Agreement");

WHEREAS, pursuant to proceedings duly had and taken and pursuant to the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code, the Loan Agreement and a trust agreement by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"), the Authority has authorized the issuance of its Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) in the principal amount of not to exceed $18,000,000 (the "Series A Bonds") and its Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable) in the principal amount of not to exceed $14,000,000 (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") to finance the costs of certain public capital improvements within the merged redevelopment project areas of the Agency and to assist the Agency in repaying certain obligations under a promissory note to the City of Richmond (the "City");

WHEREAS, pursuant to Section 6586.5 of the Government Code, a notice of public hearing was duly published by the Agency as required by law in the West County Times, a newspaper of general circulation in the City of Richmond and in the County of Contra Costa, to consider the proposed financing by the issuance by the Authority of its Bonds, and whether there are any significant benefits to the Agency from such proposed refinancing, including the more efficient delivery of local services and demonstrable savings to the City such as savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs (in accordance with Section 6586 of the California Government Code). A proof of publication of the notice of public hearing is on file in the office of the Secretary of the Agency;

WHEREAS, such public hearing was duly convened by the Agency on July 22, 2003 at the time and place as set forth in the notice of public hearing, and at such public hearing the Agency heard all interested persons desiring to be heard;

WHEREAS, evidence of the public benefits to the Agency from the proposed financing was presented;

WHEREAS, the Agency has considered the financing as presented and is fully advised in the premises; and

WHEREAS, the Agency and the Trustee desire to enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), dated as of the date of delivery of the Bonds, in the form and substance as presented to this meeting, for the purpose of making undertakings to provide certain annual financial information and notice of material events as required by the Securities Exchange Commission Rule 15c2-12;

NOW, THEREFORE, BE IT RESOLVED by the Agency Board of the Richmond Redevelopment Agency as follows:

Section 1. The foregoing recitals are true and correct, and the Agency Board hereby so finds and determines.

Section 2. The Agency hereby determines that (1) the public capital improvements to be acquired and constructed are located within the geographic boundaries of the Agency's merged redevelopment project areas; and (2) the Agency hereby approves the proposed financing and determines that there are significant public benefits to the Agency there from in that there will be demonstrable savings to the City from the issuance and sale by the Authority of the Bonds, including savings in bond preparation, bond underwriting and bond issuance costs (in accordance with Section 6586 of the California Government Code).

Section 3. The Loan Agreement in substantially the form as it is presented to this Board is hereby approved. The Redevelopment Director of the Agency or designee thereof is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver the Loan Agreement in said substantial form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form and substance of the Continuing Disclosure Agreement is hereby approved. The Redevelopment Director is hereby authorized and directed to execute and deliver said Continuing Disclosure Agreement in substantially the form on file with the Agency Secretary and presented to this meeting, with such changes as may be approved in the interest of the Agency by the Redevelopment Director, such approval to be conclusively evidenced by such execution and delivery thereof.

Section 5. This resolution shall take effect from and after its passage and approval.

* * *

I certify that the foregoing resolution was passed and adopted by the Agency Board of the Richmond Redevelopment Agency at a regular meeting thereof, held on July 22, 2003, by the following vote:

AYES:	Boardmembers Bates, Belcher, Bell, Butt, Griffin, Rogers, Viramontes, and Mayor Anderson.
NOES:	None.
ABSTENTIONS:	None.
ABSENT:	Vice Chairperson Penn.

DIANE HOLMES
Clerk of the City of Richmond
(Seal)

Approved:

IRMA L. ANDERSON
Chairman

Approved as to form:

MALCOLM HUNTER
Agency Counsel

CERTIFICATE OF THE SECRETARY

I, Sandra L. Thompson, Deputy Secretary of the Richmond Redevelopment Agency, hereby certify that the foregoing Resolution No. 03-24 is a full, true and correct copy of a resolution duly adopted at a special meeting of the Agency Board of the Agency duly held in Richmond, California on July 22, 2003, of which meeting all of the members of said Agency Board had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

An agenda of said meeting was posted at least 72 hours before the meeting at 2600 Barrett Avenue, Richmond, CA 94804, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

Dated: July 22, 2003

Sandra L. Thompson Deputy

Secretary of the Richmond Redevelopment Agency

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

CERTIFICATE OF THE DEPUTY CITY CLERK OF THE CITY OF RICHMOND

I, Sandra Thompson, Deputy City Clerk of the City of Richmond, hereby certify that the foregoing is a full, true and correct copy of Resolution No. 98-03, entitled "A Resolution of the City Council of the City of Richmond Authorizing the Richmond Redevelopment Agency to enter into a Loan Agreement with the Richmond Joint Powers Financing Authority," adopted by the City Council on July 22, 2003.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true, correct and complete copy of the Resolution adopted at said meeting and entered in said minutes; that the Resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption; and that the Resolution is now in full force and effect.

I further certify that an agenda of said meeting was posted at least seventy-two (72) hours before said meeting at a location fully accessible to members of the public in Richmond, California, and a brief general description of the Resolution appeared on said agenda.

IN WITNESS WHEREOF, I have executed this certificate this 27th day of August, 2003.

Sandra Thompson
Deputy City Clerk of the City of Richmond

RESOLUTION NO. 98-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND AUTHORIZING THE RICHMOND REDEVELOPMENT AGENCY TO ENTER INTO A LOAN AGREEMENT WITH THE RICHMOND JOINT POWERS FINANCING AUTHORITY

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (being Part I of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto (the "Law"), the Richmond Redevelopment Agency (the "Agency") has merged certain redevelopment project areas under certain redevelopment plans of the Agency;

WHEREAS, the City Council finds and determines that there will be significant public benefits for the Agency to obtain a loan from the Richmond Joint Powers Financing Authority (the "Authority") in an amount not to exceed **$27,665,000** (the "Loan") to finance the redevelopment activities within the merged redevelopment project areas;

WHEREAS, for the purpose of repaying the Loan, the Agency has proposed to enter into a Loan Agreement with the Authority, dated as of July 1, 2003, under the terms and conditions of which the Agency shall repay the Loan from tax increment revenues generated from certain of its project areas which have a time limit for incurring indebtedness after January 1, 2004 pursuant to the Law; and

WHEREAS, a proposed form of the Loan Agreement has been filed with the Agency Secretary and presented to the City Council at this meeting;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richmond as follows:

Section 1. The foregoing recitals are true and correct, and the City Council hereby so finds and determines.

Section 2. The City Council hereby authorizes the Agency to enter into the Loan Agreement with the Richmond Joint Powers Financing Authority for the repayment of the Loan.

Section 3. This resolution shall take effect from and after its passage and approval.

* * *

I certify that the foregoing resolution was passed and adopted by the City Council of the City of Richmond at a regular meeting thereof, held on July 22, 2003, by the following vote:

AYES:	Councilmembers Bates, Belcher, bell, Butt, Griffin, Rogers, Viramontes, and Mayor Anderson.
NOES:	None.
ABSTENTIONS:	None.
ABSENT:	Vice Chairperson Penn.

DIANE HOLMES
City Clerk of the City of Richmond
(Seal)

Approved:

IRMA L. ANDERSON
Mayor

Approved as to form:

MALCOLM HUNTER
City Attorney

CERTIFICATE OF THE CITY CLERK

I, Sandra L. Thompson, Deputy City Clerk of the City of Richmond, hereby certify that the foregoing Resolution No. 98-03 is a full, true and correct copy of a resolution duly adopted at a special meeting of the City Council of the City of Richmond duly held in Richmond, California on July 22, 2003, of which meeting all of the members of said City Council had due notice.

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

An agenda of said meeting was posted at least 72 hours before the meeting at 2600 Barrett Avenue, Richmond, CA 94804, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

Dated: July 22, 2003

Sandra L. Thompson, Deputy
City Clerk of the City of Richmond

TRUST AGREEMENT

between the

RICHMOND JOINT POWERS FINANCING AUTHORITY

and

UNION BANK OF CALIFORNIA, N.A.,

as Trustee

Dated as of August 1, 2003

relating to

Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)
and
Series 2003B (Taxable)

ARTICLE I DEFINITIONS; EQUAL SECURITY 2
SECTION 1.01. Definitions 2
SECTION 1.02. Equal Security 12
ARTICLE II ISSUANCE OF BONDS; GENERAL BOND PROVISIONS 13
SECTION 2.01. Authorization and Purpose of Bonds 13
SECTION 2.02. Terms of the Bonds 13
SECTION 2.03. Redemption of Bonds. 15
SECTION 2.04. Form of Bonds. 19
SECTION 2.05. Execution of Bonds. 19
SECTION 2.06. Transfer and Payment of Bonds. 19
SECTION 2.07. Exchange of Bonds. 20
SECTION 2.08. Bond Registration Books. 20
SECTION 2.09. Mutilated, Destroyed, Stolen or Lost Bonds. 20
SECTION 2.10. Temporary Bonds. 20
SECTION 2.11. Procedure for the Issuance of Bonds. 21
SECTION 2.12. Validity of Bonds. 22
SECTION 2.13. Special Covenants as to Book-Entry Only System for Bonds. 22
SECTION 2.14. Payments under the Municipal Bond Insurance Policy 24
ARTICLE III NO ADDITIONAL BONDS 26
SECTION 3.01. No Additional Bonds 26
ARTICLE IV REVENUES 26
SECTION 4.01. Pledge of Revenues. 26
SECTION 4.02. Receipt and Deposit of Revenues in the Series 2003 Revenue Funds. 26
SECTION 4.03. Establishment and Maintenance of Accounts for Use of Money in the Series 2003 Revenue Fund. 27
SECTION 4.04. [Reserved] 29
SECTION 4.05. Reserve Surety Policies and Letters of Credit 30
SECTION 4.06. Deposit and Investments of Money in Accounts and Funds. 31
ARTICLE V COVENANTS OF THE AUTHORITY; ASSIGNMENT TO TRUSTEE 32
SECTION 5.01. Punctual Payment and Performance. 32
SECTION 5.02. Against Encumbrances 32

SECTION 5.03. Tax Covenants. 32
SECTION 5.04. Accounting Records and Reports 32
SECTION 5.05. Prosecution and Defense of Suits. 33
SECTION 5.06. Further Assurances 33
SECTION 5.07. Assignment to Trustee; Enforcement of Obligations 33
ARTICLE VI THE TRUSTEE 34
SECTION 6.01. The Trustee. 34
SECTION 6.02. Liability of Trustee. 35
SECTION 6.03. Compensation and Indemnification of Trustee 36
ARTICLE VII AMENDMENT OF THE TRUST AGREEMENT 37
SECTION 7.01. Amendment of the Trust Agreement. 37
SECTION 7.02. Disqualified Bonds 38
SECTION 7.03. Endorsement or Replacement of Bonds After Amendment. 38
SECTION 7.04. Amendment by Mutual Consent. 38
SECTION 7.05. Bond Insurer Notice and Consent 38
ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES OF HOLDERS 38
SECTION 8.01. Events of Default and Acceleration of Maturities. 38
SECTION 8.02. Application of Funds Upon Acceleration. 40
SECTION 8.03. Institution of Legal Proceedings by Trustee. 40
SECTION 8.04. Non-Waiver 40
SECTION 8.05. Actions by Trustee as Attorney-in-Fact. 41
SECTION 8.06. Remedies Not Exclusive. 41
SECTION 8.07. Limitation on Bondholders' Right to Sue. 41
ARTICLE IX DEFEASANCE 42
SECTION 9.01. Discharge of Bonds. 42
SECTION 9.02. Unclaimed Money 43
SECTION 9.03. Payment by Bond Insurer 43
ARTICLE X MISCELLANEOUS 43
SECTION 10.01. Liability of Authority Limited to Revenues 43
SECTION 10.02. Benefits of the Trust Agreement Limited to Parties. 43
SECTION 10.03. Successor Is Deemed Included In All References To Predecessor. 44
SECTION 10.04. Execution of Documents by Holders. 44

SECTION 10.05. Waiver of Personal Liability. 44
SECTION 10.06. Acquisition of Bonds by Authority. 44
SECTION 10.07. Destruction of Cancelled Bonds. 44
SECTION 10.08. Content of Certificates. 44
SECTION 10.09. Accounts and Funds; Business Days. 45
SECTION 10.10. Notices. 45
SECTION 10.11. Article and Section Headings and References. 46
SECTION 10.12. Partial Invalidity 46
SECTION 10.13. Execution in Several Counterparts 46
SECTION 10.14. Amendments to Loan Agreement. 46
SECTION 10.15. Notice to Bond Insurer 47
SECTION 10.16. Consent Rights of Bond Insurer 47
SECTION 10.17. Bond Insurer as Third Party Beneficiary 48

EXHIBIT A FORM OF BOND A-1

THIS TRUST AGREEMENT made and entered into as of August 1, 2003 (the "Trust Agreement") by and between UNION BANK OF CALIFORNIA, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States, as Trustee (the "Trustee") and the RICHMOND JOINT POWERS FINANCING AUTHORITY (the "Authority"), a public entity and agency, duly organized and existing pursuant to an Agreement entitled "Joint Exercise of Powers Agreement by and between the City of Richmond and the Richmond Redevelopment Agency,"

W I T N E S S E T H:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes and empowers the Authority to issue bonds to assist local agencies in financing public capital improvements whenever a local agency determines that there are significant public benefits from so doing;

WHEREAS, the Richmond Redevelopment Agency (the "Agency") has determined that the consummation of the transactions contemplated in the Loan Agreement (as hereinafter defined) and this Trust Agreement will result in significant public benefits;

WHEREAS, the Agency and the Authority have agreed to enter into the Loan Agreement to assist in financing certain public capital improvements for the Agency; and

WHEREAS, the Authority is empowered pursuant to the Loan Agreement and the aforementioned Article 4 to finance said improvements through the issuance of its bonds;

WHEREAS, the Authority has authorized the issuance of its Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) in an aggregate principal amount of sixteen million eighty thousand dollars ($16,080,000) (the "Series 2003A Bonds") and its Tax Allocation Revenue Bonds, Series 2003B (Taxable) in an aggregate principal amount of twelve million five hundred thousand dollars ($12,500,000) (the "Series 2003B Bonds," and, together with the Series 2003A Bonds, the "Bonds");

WHEREAS, in order to reduce the borrowing costs of the Authority, each series of the Bonds are insured by separate bond insurance policies issued by MBIA Insurance Corporation (the "Bond Insurer");

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement;

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Authority

payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Trust Agreement have been in all respects duly authorized;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified:

Act

The term "Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

Agency

The term "Agency" means the Richmond Redevelopment Agency, a public body, corporate and politic, organized and existing pursuant to the Law.

Annual Debt Service; Average Annual Debt Service; Maximum Annual Debt Service.

The term "Annual Debt Service" means, for each Bond Year, the sum of (1) the interest (including any compound interest) payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled, (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year (together with the redemption premiums, if any, thereon), and (3) the minimum amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

The term "Average Annual Debt Service" means the average Bond Year Annual Debt Service over all Bond Years.

The term "Maximum Annual Debt Service" means the largest Annual Debt Service during the period from the date of such determination through the final maturity date of any Outstanding Bonds.

Authority

The term "Authority" means the Richmond Joint Powers Financing Authority created pursuant to the Act and its successors and assigns in accordance herewith.

Bonds, Serial Bonds, Series 2003A Bonds, Series 2003B Bonds Term Bonds

The term "Bonds" means the Series 2003A Bonds and the Series 2003B Bonds authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article II.

The term "Serial Bonds" means Bonds for which no sinking fund payments are provided.

The term "Series 2003A Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) issued pursuant to Section 2.02(a) hereof.

The term "Series 2003B Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable) issued pursuant to Section 2.02(b) hereof.

The term "Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Insurer

The term "Bond Insurer" means MBIA Insurance Corporation as issuer of the Municipal Bond Insurance Policy, the Series 2003A Reserve Surety and the Series 2003B Reserve Surety.

Bond Year

The term "Bond Year" means the twelve-month period ending on September 1 of each year to which reference is made.

Business Day

The term "Business Day" means any day other than a Saturday or Sunday or day upon which the Trustee is authorized by law to remain closed.

Certificate of the Authority

The term "Certificate of the Authority" means an instrument in writing signed by or on behalf of the Authority by its President, Vice President, Executive Director or Treasurer/Auditor, or by any other officer of the Authority duly authorized by the governing board of the Authority to sign documents on its behalf hereunder.

City

The term "City" means the City of Richmond, a charter city and municipal corporation duly organized and existing pursuant to its Charter and the Constitution of the State.

Code

The term "Code" means the Internal Revenue Code of 1986, as amended.

Costs of Issuance

The term "Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Agency or the Authority and related to the authorization, execution and delivery of the Loan Agreement, the Trust Agreement, the Continuing Disclosure Agreement and the sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the underwriter, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other cost, charge or fee in connection with the original execution and delivery of the Bonds.

Costs of Issuance Fund

The term "Costs of Issuance Fund" means the fund by that name established pursuant to Section 2.11(e).

Defeasance Securities

The term "Defeasance Securities" means, to the extent permitted by State law, the following obligations which may be used as permitted investments to defease Outstanding Bonds:

(1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation).

(2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGs").

(3) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury) the United States of America.

(4) The interest component of Resolution Funding Corporation (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form.

(5) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's. If the issue is rated solely by Standard & Poor's, the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipal bonds.

(6) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America.

a. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership

b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership

c. Federal Financing Bank

d. General Services Administration
Participation certificates

e. U.S. Maritime Administration
Guaranteed Title XI financing

f. U.S. Department of Housing and Urban Development
Project Notes
Local Authority Bonds
New Communities Debentures
U.S. Public Housing Notes and Bonds

Financial Guaranty Agreement

The term "Financial Guaranty Agreement" means each, as applicable, of the Financial Guaranty Agreements, dated as of August 27, 2003, by and between the Authority and the Bond Insurer providing for the issuance of the Series 2003A Reserve Surety and the Series 2003B Reserve Surety, respectively.

Fiscal Year

The term "Fiscal Year" means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with applicable law.

Holder

The term "Holder" means any person who shall be the registered owner of any Outstanding Bond.

Independent Certified Public Accountant

The term "Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom --

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority; and

(3) is not connected with the Authority as a member, officer or employee of the Authority, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority.

Information Services

The term "Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 17302, Attention: Editor; Kenny Information Services' "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's Investors Service's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard & Poor's "Called Bond Service," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

Interest Payment Date

The term "Interest Payment Date" means a date on which interest is due on the Bonds, being September 1 and March 1 of each year to which reference is made, commencing on March 1, 2004.

Joint Powers Agreement

The term "Joint Powers Agreement" means the Joint Exercise of Powers Agreement by and between the City of Richmond and the Redevelopment Agency of the City of Richmond, dated December 1, 1989, as originally executed and as it may from time to time be amended or supplemented pursuant to the provisions hereof and thereof.

Law

The term "Law" means the Community Redevelopment Law, being Division 24 (commencing with Section 33000) of the Health and Safety Code of the State.

Loan Agreement

The term "Loan Agreement" means the Loan Agreement, dated as of August 1, 2003, by and between the Agency and the Authority providing for a loan of the proceeds of the Bonds to the Agency.

Loan Payments

The term "Loan Payments" means the payments under the Loan Agreement, other than the Additional Payments thereunder.

Municipal Bond Insurance Policy

The term "Municipal Bond Insurance Policy" means the separate bond insurance policies, as applicable, issued by the Bond Insurer insuring the payment when due of the interest on and principal of the Series 2003A Bonds and the Series 2003B Bonds as provided herein.

Opinion of Counsel

The term "Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

Outstanding

The term "Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.02) all Bonds except

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of Section 9.01; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant hereto.

Permitted Investments

The term "Permitted Investments" means to the extent permitted by State law, the following obligations which may be used as permitted investments for all purposes in refunding escrow accounts:

(1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the next paragraph).

(2) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury) the United States of America. In the event these securities are used for defeasance, they shall be non-callable and non-prepayable.

(3) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America.

a. U.S. Export-Import Bank (Eximbank)
b. Farmers Home Administration (FmHA)
c. Federal Financing Bank
d. General Services Administration
e. U.S. Maritime Administration
f. U.S. Department of Housing and Urban Development (PHAs)
g. General Services Administration
h. Government National Mortgage Association (GNMA)
i. Federal Housing Administration Debentures (FHA)

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

a. Senior debt obligations rated in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).

b. Senior debt obligations of the Federal Home Loan Bank System.

c. Senior debt obligations of the Student Loan Marketing Association.

d. Obligations of the Resolution Funding Corporation (REFCORP).

e. Consolidated systemwide bonds and notes of the Farm Credit System.

(5) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which either (a) have a rating in one of the two highest short-term rating categories of at least two nationally recognized rating agencies, (b) are insured at all times by the Federal Deposit Insurance Corporation, or (c) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank).

(6) Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized rating agencies and which matures not more than 270 days after the date of purchase.

(7) Investments in (a) money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least two nationally recognized rating agencies including any such funds for which the Trustee or an affiliate provides investment management or other services and (b) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the Issuer's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least two nationally recognized rating agencies.

(8) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

a. which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least two nationally recognized rating agencies; or

b. (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow 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 maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and

(ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(9) General obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

(10) Investment agreements meeting the Bond Insurer's Minimum Requirements for Investment Agreements then in effect or otherwise approved in writing by the Bond Insurer.

(11) Other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

(12) Funds invested in the Local Agency Investment Fund (as that term is defined in Section 16429.1 of the California Government Code, as such section may be amended or recodified from time to time) to the extent deposits and withdrawals may be made by the Trustee.

(13) Certificates of deposit secured at all times by collateral described in (2) and/or (3) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

The value of the above investments, other than cash, shall be determined as follows:

"Value," which shall be determined as of the end of the month, means "fair market value," which may be determined using a computer pricing service including any service contained in the Trustee's accounting system, provided that the Trustee shall not be liable for any error made by any such service.

Prior Obligations

The term "Prior Obligations" means the indebtedness the Agency has incurred to the City in connection with the redevelopment of the Project Area from time to time in the form of certain loans, promissory notes and reimbursement agreements, which indebtedness is outstanding in an amount of $24,628,020.48 as of August 27, 2003.

Rating Agency

"Rating Agency" means Standard & Poor's Ratings Services or, in the event that Standard & Poor's Ratings Services no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as Standard & Poor's Ratings Services or other nationally recognized rating agency then maintains a rating on the Bonds.

Record Date

The term "Record Date" means, with respect to an Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date.

Representation Letter

The term "Representation Letter" means the blanket letter of representations dated December 5, 1995 to The Depository Trust Company, New York, New York.

Revenues

The term "Revenues" means all Loan Payments received by the Trustee pursuant to the Loan Agreement (but not Additional Payments) and all interest or other income from any investment, pursuant to Section 4.06, of any money in the Series 2003 Revenue Fund or any account therein.

Securities Depositories

The term "Securities Depositories" means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax-(215) 496-5058; or such other addresses and/or such other securities depositories as the Authority may designate to the Trustee.

Series 2003B Project Account

The term "Series 2003B Project Account" means the account by that name established and maintained by the Trustee pursuant to Section 2.11(f).

Series 2003A Reserve Account Requirement

The term "Series 2003A Reserve Account Requirement" means an amount equal to $1,608,000, as such amount may be reduced pursuant to Section 4.03(c).

Series 2003B Reserve Account Requirement

The term "Series 2003B Reserve Account Requirement" means an amount equal to $1,250,000, as such amount may be reduced pursuant to Section 4.03(c).

Series 2003A Reserve Surety

The term "Series 2003A Reserve Surety" means the Debt Service Reserve Fund Surety Bond issued by the Bond Insurer for the Series 2003A Bonds in the amount of $804,000.

Series 2003B Reserve Surety

The term "Series 2003B Reserve Surety" means the Debt Service Reserve Fund Surety Bond issued by the Bond Insurer for the Series 2003B Bonds in the amount of $625,000.

Series 2003 Revenue Fund

The term "Series 2003 Revenue Fund" means the fund by that name established and maintained by the Trustee pursuant to Section 4.02, together with all funds and accounts established therein.

State

The term "State" means the State of California.

Supplemental Trust Agreement

The term "Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

Tax Certificate

The term "Tax Certificate" means the Tax Certificate delivered by the City and the Authority at the time of the issuance and delivery of the Bonds, as the same may be amended or supplemented in accordance with its terms.

Trust Agreement

The term "Trust Agreement" means this Trust Agreement, dated as of August 1, 2003, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

Trustee

The term "Trustee" means Union Bank of California, N.A., or any other association or corporation which may at any time be substituted in its place as provided in Section 6.01.

Written Request of the Agency

The term "Written Request of the Agency" means an instrument in writing signed by or on behalf of the Agency by its Chair, Vice-Chair, Redevelopment Director, Treasurer, or by any other officer of the Agency duly authorized by the governing board of the Agency to sign documents on its behalf hereunder.

Written Request of the Authority

The term "Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by its President, Vice President, Executive Director or Treasurer/Auditor, or by any other officer of the Authority duly authorized by the governing board of the Authority to sign documents on its behalf hereunder.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Holders thereof, the Trust Agreement shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of all the Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds

which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Holders of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

ISSUANCE OF BONDS; GENERAL BOND PROVISIONS

SECTION 2.01. Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized, pursuant to each and every requirement of the Act, to issue the Bonds in the form and manner provided herein for the purpose of providing funds to finance the Project, and that the Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

SECTION 2.02. Terms of the Series 2003A Bonds and Series 2003B Bonds.

(a) The Series 2003A Bonds shall be designated "Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)" and shall be in the aggregate principal amount of sixteen million eighty thousand dollars ($16,080,000). The Series 2003A Bonds shall be dated as of August 27, 2003, shall be issued only in fully registered form in denominations of five thousand dollars ($5,000) or any integral multiple of five thousand dollars ($5,000) (not exceeding the principal amount of Bonds maturing at any one time), and shall mature on the dates and in the principal amounts and bear interest at the rates as set forth in the following schedule:

Maturity Date (September 1)	Principal Amount	Interest Rate
2008	$425,000	3.000%
2009	440,000	3.250
2010	455,000	3.500
2011	470,000	4.000
2012	490,000	4.000
2013	510,000	4.250
2014	530,000	4.250
2015	555,000	4.500
2016	575,000	4.500
2017	605,000	4.500
2018	630,000	4.625
2022	4,320,000	5.250
2025	4,050,000	5.250
2025	2,025,000	5.000

(b) The Series 2003B Bonds shall be designated "Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable)" and shall be in the aggregate principal amount of twelve million five hundred thousand dollars ($12,500,000). The Series 2003B Bonds shall be dated as of August 27, 2003, shall be issued only in fully registered form in denominations of five thousand dollars ($5,000) or any integral multiple of five thousand dollars ($5,000) (not exceeding the principal amount of Bonds maturing at any one time), and shall mature on the dates and in the principal amounts and bear interest at the rates as set forth in the following schedule:

Maturity Date (September 1)	Principal Amount	Interest Rate
2008	$355,000	4.160%
2009	370,000	4.470
2010	385,000	4.780
2011	400,000	5.040
2012	425,000	5.270
2013	445,000	5.410
2018	2,635,000	5.860
2025	7,485,000	6.300

(c) The principal of the Bonds shall be payable in lawful money of the United States of America at the corporate trust office of the Trustee in San Francisco or Los Angeles, California. The Bonds shall bear interest at the rates (based on a 360-day year of twelve 30-day months) set forth above, payable on March 1, 2004, and semiannually thereafter on September 1 and March 1 in each year. The Bonds shall bear interest from the interest payment date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such interest payment date, in which event they shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event they shall bear interest from August 27, 2003; provided, however, that if at the time

of authentication of any Bond interest is then in default on the Outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds. Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made to the person whose name appears in the Bonds registration books kept by the Trustee pursuant to Section 2.08 as the registered owner thereof as of the close of business on the Record Date for an interest payment date, whether or not such day is a Business Day, such interest to be paid by check mailed by first-class mail to such registered owner at the address as it appears in such books; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds to an account within the United States. Payment of the principal of the Bonds shall be made upon the surrender thereof at maturity or on redemption prior to maturity at the corporate trust office of the Trustee in San Francisco or Los Angeles, California.

SECTION 2.03. Redemption of Bonds.

(a) Optional Redemption of Bonds. The Series A Bonds maturing on or after September 1, 2014, shall be subject to redemption, as a whole or in part in such maturities as are selected by the Authority, prior to their respective maturity dates (or in the absence of such direction, pro rata by maturity and by lot within a maturity), from prepayments of the Loan made at the option of the Agency pursuant to the terms of the Loan Agreement or from any other source of funds, at the option of the Authority, on any date on or after September 1, 2013, at a redemption price equal to the principal amount of Series A Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

(b) Mandatory Sinking Fund Redemption of Bonds.

(i) Series 2003A Term Bonds maturing on September 1, 2022 shall also be subject to mandatory sinking fund redemption prior to maturity, in part on September 1 of each year on and after September 1, 2019, by lot, from and in the amount of the Mandatory Sinking Account payments set forth below at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

Series 2003A Term Bonds of September 1, 2022

Date (September 1)	Mandatory Sinking Account Payment
2019	$1,000,000
2020	1,050,000
2021	1,105,000
2022	1,165,000

(ii) Series 2003A Term Bonds with a coupon of 5.250% and maturing on September 1, 2025, shall also be subject to mandatory sinking fund redemption prior to maturity, in part on September 1 of each year on and after September 1, 2023, by lot, from and in the amount of the Mandatory Sinking Account payments set forth below at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

Series 2003A Term Bonds of September 1, 2025 at the interest rate of 5.250%

Date (September 1)	Mandatory Sinking Account Payment
2023	$810,000
2024	1,580,000
2025	1,660,000

(iii) Series 2003A Term Bonds with a coupon of 5.000% and maturing on September 1, 2025, shall also be subject to mandatory sinking fund redemption prior to maturity, in part on September 1 of each year on and after September 1, 2023, by lot, from and in the amount of the Mandatory Sinking Account payments set forth below at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

Series 2003A Term Bonds of September 1, 2025 at the interest rate of 5.000%

Date (September 1)	Mandatory Sinking Account Payment
2023	$415,000
2024	785,000
2025	825,000

(iv) Series 2003B Term Bonds maturing on September 1, 2018 shall also be subject to mandatory sinking fund redemption prior to maturity, in part on September 1 of each year on and after September 1, 2014, by lot, from and in the amount of the Mandatory Sinking Account payments set forth below at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

Series 2003B Term Bonds of September 1, 2018

Date (September 1)	Mandatory Sinking Account Payment
2014	$470,000
2015	495,000
2016	525,000
2017	555,000
2018	590,000

(v) Series 2003B Term Bonds maturing on September 1, 2025 shall also be subject to mandatory sinking fund redemption prior to maturity, in part on September 1 of each year on and after September 1, 2019, by lot, from and in the amount of the Mandatory Sinking Account payments set forth below at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

Series 2003B Term Bonds of September 1, 2025

Date (September 1)	Mandatory Sinking Account Payment
2019	$ 735,000
2020	785,000
2021	835,000
2022	885,000
2023	940,000
2024	1,600,000
2025	1,705,000

(c) Selection of Bonds for Redemption. If less than all Outstanding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Authority in writing of the numbers of the Bonds so selected for redemption; provided, however, that if less than all the Outstanding Term Bonds of any maturity are called for redemption at any one time, upon the written direction from the Authority, the Trustee shall specify a reduction in any Mandatory Sinking Account Installment payments required to be made with respect to such Bonds (in an amount equal to the amount of Outstanding Term Bonds to be redeemed) which, to the extent practicable, results in approximately equal Annual Debt Service on the applicable series of Bonds Outstanding following such redemption. For purposes of such selection, Bonds shall be deemed to be composed of $5,000 multiples and any such multiple may be separately redeemed.

(d) Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and

(iii) one or more Information Services. Notice of redemption to the Securities Depositories and the Information Services shall be given by registered mail or overnight delivery or facsimile transmission. Each notice of redemption shall state the date of such notice, the redemption price, if any, (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price, if any, thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice or any defect therein shall not invalidate any of the proceedings taken in connection with such redemption.

In the event of redemption of Bonds, the Trustee shall mail a notice of redemption upon receipt of a Written Request of the Authority but only after the Authority shall file a Certificate of the Authority with the Trustee that on or before the date set for redemption, the Authority shall have deposited with or otherwise made available to the Trustee for deposit in the Series 2003A Principal Account or the Series 2003B Principal Account, as applicable, the money required for payment of the redemption price, including accrued interest, of all Bonds then to be called for redemption (or the Trustee determines that money will be deposited with or otherwise made available to it in sufficient time for such purpose), together with the estimated expense of giving such notice.

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

(e) Cancellation of Redeemed Bonds. All Bonds redeemed pursuant to the provisions of this section shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the Authority, if it so requests, and shall not be reissued.

(f) Right to Rescind Optional Redemption. The Authority (at the direction of the Agency) shall have the right to rescind any optional redemption by written notice of rescission. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Trustee shall mail notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

(g) Purchase in Lieu of Redemption. In lieu of redemption of any Bond, amounts on deposit in the applicable Principal Account of the Series 2003 Revenue Fund may also be used and withdrawn by the Trustee at any time, upon the Request of the Authority, for the

purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the applicable Interest Account) as the Authority may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date; provided, however, that no Bonds shall be purchased by the Trustee under this subsection (c) with a settlement date more than 75 days prior to the redemption date. The principal amount of any Term Bonds so purchased by the Trustee in any twelve-month period ending 60 days prior to the September 1 in any year shall be credited towards and shall reduce the principal amount of such Term Bonds required to be redeemed on such September 1.

SECTION 2.04. Form of Bonds. The Bonds and the authentication endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto attached and by this reference herein incorporated.

SECTION 2.05. Execution of Bonds. The Treasurer/Auditor of the Authority is hereby authorized and directed to execute each of the Bonds on behalf of the Authority and the Secretary of the Authority is hereby authorized and directed to countersign each of the Bonds on behalf of the Authority. The signatures of such Treasurer/Auditor and Secretary may be by printed, lithographed or engraved by facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Bonds.

Only those Bonds bearing thereon a certificate of authentication in the form hereinbefore recited, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

SECTION 2.06. Transfer and Payment of Bonds. Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bonds for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same series and maturity for a like aggregate principal amount. The Trustee shall require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bonds shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bonds shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Bonds to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of or exchange any Bond during the period established by the Trustee for selection of Bonds for redemption or any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 2.03.

SECTION 2.07. Exchange of Bonds. Bonds may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same series and maturity of other authorized denominations. The Trustee shall require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

SECTION 2.08. Bond Registration Books. The Trustee will keep at its corporate trust office sufficient books for the registration and transfer of the Bonds which shall during normal business hours be open to inspection by the Authority, and upon presentation for such purpose the Trustee shall upon reasonable notice, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

SECTION 2.09. Mutilated, Destroyed, Stolen or Lost Bonds. If any Bond shall become mutilated the Trustee at the expense of the Holder shall thereupon authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Holder, shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond issued under this Section 2.09 and of the expenses which may be incurred by the Authority and the Trustee relating thereto. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Bonds of the same series secured by this Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

SECTION 2.10. Temporary Bonds. The Bonds issued under this Trust Agreement may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the Authority, in accordance with the terms of the Act. If the Authority issues temporary Bonds it

will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the corporate trust office of the Trustee in Los Angeles, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Trust Agreement as definitive Bonds delivered hereunder.

SECTION 2.11. Procedure for the Issuance of Bonds. At any time after the sale of the Bonds in accordance with the Act, the Authority shall execute the Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Written Request of the Authority and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Bonds from the purchaser thereof (less the premiums in sum of $524,000 wired directly to the Bond Insurer with respect to the bond insurance policies for the Series 2003A Bonds and the Series 2003B Bonds (such premiums being $284,000 and $240,000, respectively) and less the premiums in sum of $53,000 wired directly to the Bond Insurer with respect to the Series 2003A Reserve Surety and the Series 2003B Reserve Surety (such premiums being $30,000 and $23,000, respectively)), the Trustee shall set aside and deposit the proceeds received from such sale in the following respective accounts or funds or with the following respective persons, in the following order of priority:

(a) The Trustee shall deposit in the Series 2003A Interest Account within the Series 2003 Revenue Fund established pursuant to Section 4.03(a) a sum of $1,555,519.03 representing capitalized interest through September 1, 2005.

(b) The Trustee shall deposit in the Series 2003B Interest Account within the Series 2003 Revenue Fund established pursuant to Section 4.03(a) a sum of $ 1,492,863.87 representing capitalized interest through September 1, 2005.

(c) The Trustee shall deposit in the Series 2003A Reserve Account within the Series 2003 Revenue Fund established pursuant to Section 4.03(c) (i) the Series 2003A Reserve Surety in the face amount of $804,000, plus (ii) a sum of $804,000, which together equal the Series 2003A Reserve Account Requirement.

(d) The Trustee shall deposit in the Series 2003B Reserve Account within the Series 2003 Revenue Fund established pursuant to Section 4.03(c) (i) the Series 2003B Reserve Surety in the face amount of $625,000, plus (ii) a sum of $625,000, which together equal the Series 2003B Reserve Account Requirement.

(e) The Trustee shall deposit $303,141.82 in the Costs of Issuance Fund, which fund is hereby created and which fund the Authority hereby agrees to maintain with the Trustee until March 1, 2004. All money in the Costs of Issuance Fund shall be used and withdrawn by the Authority to pay the Costs of Issuance of the Bonds upon receipt of a Written Request of the Authority filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On March 1, 2004, or upon the earlier Written Request of the Authority, any remaining balance in the Costs of Issuance Fund shall be transferred to the Series 2003 Revenue Fund.

(f) The Trustee shall deposit the sum of $5,000,386.13 in the Series 2003B Project Account pursuant to Section 2.04 of the Loan Agreement, which account is hereby created and which fund the Trustee agrees to maintain. All money in the Series 2003B Project Account shall be used and withdrawn by the Agency as provided in the Loan Agreement upon receipt of a Written Request of the Agency filed with the Trustee, each of which shall be sequentially numbered and shall state the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against the Series 2003B Project Account.

(g) The Trustee shall transfer the amount of $18,000,000 (being an amount of $13,000,000 from the proceeds of the Series 2003A Bonds and $5,000,000 from the proceeds of the Series 2003 B Bonds) to the City of Richmond in partial payment the Prior Obligations as provided in Section 2.04 of the Loan Agreement.

SECTION 2.12. Validity of Bonds. The validity of the issuance of the Bonds shall not be dependent on or affected in any way by the proceedings taken by the Authority for the financing of the Project or by any contracts made by the Authority or its agents in connection therewith, and shall not be dependent upon the completion of the Project or upon the performance by any person, firm or corporation of his, her or its obligation with respect thereto. The recital contained in the Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

SECTION 2.13. Special Covenants as to Book-Entry Only System for Bonds. (a) Except as otherwise provided in subsections (b) and (c) of this Section 2.13, all of the Bonds initially issued shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Bond registered in the name of Cede & Co. shall be made on each interest payment date for such Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity of such Bonds, representing the aggregate principal amount of the Bonds of such maturity. Upon initial issuance, the ownership of all such Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.08 hereof in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders hereunder, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders of the Bonds and for all other purposes whatsoever; and neither the Trustee nor the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor the Authority nor any paying agent shall have

any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.13, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Bondholder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds, (iii) any notice which is permitted or required to be given to Holders of Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by DTC as Holder of Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the Authority's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section 2.13.

(c) In the event that the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain bond certificates, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.13. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.13. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Bonds then Outstanding. In such event, the Bonds will be transferable to such securities depository in accordance with subsection (f) of this Section 2.13, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Bond and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Trustee is hereby authorized and requested to execute and deliver the Representation Letter and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Trust Agreement.

(f) In the event that any transfer or exchange of Bonds is authorized under subsection (b) or (c) of this Section 2.13, such transfer or exchange shall be accomplished upon

receipt by the Trustee from the registered owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07 hereof. In the event Bond certificates are issued to Holders other than Cede & Co., its successor as nominee for DTC as holder of all the Bonds, another securities depository as holder of all the Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.06 and 2.07 hereof shall also apply to, among other things, the registration, exchange and transfer of the Bonds and the method of payment of principal of, premium, if any, and interest on the Bonds.

SECTION 2.14. Payments under the Municipal Bond Insurance Policy.

(a) In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency. If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Bond Insurer or its designee. In addition, if the Trustee has notice that any Holder has been required to disgorge payments of principal or interest on the Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Holder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(b) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Bonds as follows:

(1) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Municipal Bond Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Bond Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Bond Insurer, (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Municipal Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Trustee shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Bond Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Bond Insurer of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance

Paying Agent is received), (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Municipal Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

(c) The Bond Insurer shall be deemed the Holder and shall be treated as such for purposes of any provisions requiring the consent or approval of the Holders of Bonds or with respect to rights of such Holders other than the right to receive payments of principal, purchase price and interest, and tender and purchase rights under the Trust Agreement, but only for so long as the Bond Insurer is in compliance with the Municipal Bond Insurance Policy, and if the Bond Insurer is in default under the Municipal Bond Insurance Policy, the Bond Insurer shall not have any rights granted to the Bond Insurer under the Trust Agreement.

(d) Payments with respect to claims for interest on and principal of Bonds disbursed by the Trustee from proceeds of the Municipal Bond Insurance Policy shall not be considered to discharge the obligation of the Authority with respect to such Bonds, and the Bond Insurer shall become the owner of such unpaid Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(e) Irrespective of whether any such assignment is executed and delivered, the Authority and the Trustee hereby agree for the benefit of the Bond Insurer that:

(1) They recognize that to the extent the Bond Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Bonds, the Bond Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Authority, with interest thereon as provided and solely from the sources stated in the Trust Agreement and the Bonds; and

(2) They will accordingly pay to the Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Municipal Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Trust Agreement and the Bond, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to Holders, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

(f) The Authority agrees to reimburse the Bond Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Bond Insurer in connection with (i) the enforcement by the Bond Insurer of the Authority's obligations, or the preservation or defense of any rights of the Bond Insurer, under the Trust Agreement and any other document executed in connection with the issuance of the Bonds, and (ii) any consent, amendment, waiver or other action with respect to the Trust Agreement or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Bond Insurer reserves the right to charge a fee in

connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

ARTICLE III

NO ADDITIONAL BONDS

SECTION 3.01. No Additional Bonds. The Authority covenants that it will not issue any additional bonds or other indebtedness hereunder or otherwise secured by any of the payments made under the Loan Agreement; provided that nothing herein shall prevent the Authority or the Agency from issuing or otherwise incurring additional obligations as permitted by the Loan Agreement.

ARTICLE IV

REVENUES

SECTION 4.01. Pledge of Revenues. (a) All Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in the Series 2003 Revenue Fund are hereby irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds as provided herein, and the Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a first pledge of and charge and lien upon the Revenues and all other moneys on deposit in the Series 2003 Revenue Fund for the payment of the interest on and principal of the Bonds in accordance with the terms hereof and thereof. In Section 5.07 hereof, the Authority assigned to the Trustee all of the Authority's rights and remedies under the Loan Agreement; such assignment shall confer no duties or obligations of the Authority upon the Trustee and shall be subject to the provisions of this Trust Agreement.

SECTION 4.02. Receipt and Deposit of Revenues in the Series 2003 Revenue Fund. In order to carry out and effectuate the pledge, charge and lien contained herein, the Authority agrees and covenants as follows:

(a) All Revenues when and as received shall be received by the Authority in trust hereunder for the benefit of the Holders of the Bonds and shall be transferred when and as received by the Authority to the Trustee for deposit in the Series 2003 Revenue Fund (the "Series 2003 Revenue Fund"), which fund is hereby created and which fund the Authority hereby agrees and covenants to maintain with the Trustee so long as any Bonds shall be Outstanding hereunder.

(b) All Revenues shall be accounted for through and held in trust in the Series 2003 Revenue Fund, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided.

(c) All Revenues, whether received by the Authority in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

SECTION 4.03. Establishment and Maintenance of Accounts for Use of Money in the Series 2003 Revenue Fund. Subject to Section 5.03, all money in the Series 2003 Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Series 2003 Revenue Fund (each of which is hereby created and each of which the Trustee hereby covenants and agrees to cause to be maintained) in the following order of priority:

(a) Series 2003A Interest Account and the Series 2003B Interest Account,

(b) Series 2003A Principal Account and the Series 2003B Principal Account, and

(c) Series 2003A Reserve Account and the Series 2003B Reserve Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section. Notwithstanding any other provision hereof, if the total amount on deposit in the Series 2003 Revenue Fund equals or exceeds the principal amount of the Bonds, together with accrued interest thereon, and the Bonds are at such time subject to redemption pursuant to Section 2.03(a) without premium, the Trustee shall redeem all remaining Outstanding Bonds from amounts on deposit in the Series 2003 Revenue Fund and remit any balance therein to the Authority.

(a) Series 2003A Interest Account and Series 2003B Interest Account. On each Interest Payment Date, commencing on March 1, 2004, the Trustee shall set aside from the Series 2003 Revenue Fund and deposit in the Series 2003A Interest Account and the Series 2003B Interest Account those amounts of money which, when added to any amounts then on deposit in such accounts, are equal to the amount of interest becoming due and payable on all Outstanding Series 2003A Bonds and Series 2003B Bonds, respectively, on such Interest Payment Date. In the event that the amount available for deposit pursuant to this subsection is insufficient to make the full deposits required hereby, the amounts deposited to the Series 2003A Interest Account and the Series 2003B Interest Account shall be reduced by the amount of such insufficiency, in proportion to the total amounts required to pay interest on the Series 2003A Bonds and the Series 2003B Bonds on such Interest Payment Date.

No deposit need be made in the Series 2003A Interest Account or the Series 2003B Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Series 2003A Bonds or Series 2003B Bonds, respectively, on such Interest Payment Date.

All money in the Series 2003A Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2003A Bonds as it shall become due and payable (including accrued interest on any Series 2003A Bonds purchased or redeemed prior to maturity).

All money in the Series 2003B Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2003B Bonds as it shall become due and payable (including accrued interest on any Series 2003B Bonds purchased or redeemed prior to maturity).

(b) Series 2003A Principal Account and Series 2003B Principal Account. On each September 1, commencing September 1, 2008 the Trustee shall set aside from the Series 2003 Revenue Fund and deposit in the Series 2003A Principal Account and the Series 2003B Principal Account those amounts of money which, when added to any amounts then on deposit in such accounts, are equal to the principal amounts (including the payment of principal with respect to any mandatory redemption) of all Outstanding Series 2003A Bonds and Series 2003B Bonds, respectively, maturing on such September 1. In the event that the amount available for deposit pursuant to this subsection is insufficient to make the full deposits required hereby, the amounts deposited to the Series 2003A Principal Account and the Series 2003B Principal Account shall be reduced by the amount of such insufficiency, in proportion to the total amounts required to pay such principal on the Series 2003A Bonds and the Series 2003B Bonds on such September 1.

No deposit need be made in the Series 2003A Principal Account or the Series 2003B Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2003A Bonds and Series 2003B Bonds, respectively, maturing or subject to mandatory redemption by their terms on such September 1.

All money in the Series 2003A Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2003A Bonds as they shall become due and payable, whether at maturity or redemption.

All money in the Series 2003B Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2003B Bonds as they shall become due and payable, whether at maturity or redemption.

(c) Series 2003A Reserve Account and Series 2003B Reserve Account.

(i) All money in the Series 2003A Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series 2003A Interest Account or the Series 2003A Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal of or redemption premiums, if any, on the Series 2003A Bonds or for the retirement of all the Series 2003A Bonds then Outstanding, except that so long as the Authority is not in default hereunder, any cash amounts in the Series 2003A Reserve Account in excess of the Series 2003A Reserve Account Requirement shall be withdrawn from the Series 2003A Reserve Account and deposited in the Series 2003A Interest Account, on each September 1 and March 1. For purposes of determining the amount on deposit in the Series 2003A Reserve Account, the Trustee shall value on the last Business Day of each August and February those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2003A Bonds pursuant to Section 2.03(a), the Series 2003A Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2003A Bonds after such redemption.

(ii) All money in the Series 2003B Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series

2003B Interest Account or the Series 2003B Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal of or redemption premiums, if any, on the Series 2003B Bonds or for the retirement of all the Series 2003B Bonds then Outstanding, except that so long as the Authority is not in default hereunder, any cash amounts in the Series 2003B Reserve Account in excess of the Series 2003B Reserve Account Requirement shall be withdrawn from the Series 2003B Reserve Account and deposited in the Series 2003B Interest Account, on each August 1 and February 1. For purposes of determining the amount on deposit in the Series 2003B Reserve Account, the Trustee shall value on the last Business Day of each May and November those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2003B Bonds pursuant to Section 2.03(a), the Series 2003B Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2003B Bonds after such redemption.

(iii) The Series 2003A Reserve Surety shall be deposited in the Series 2003A Reserve Account to satisfy a portion of the Series 2003A Reserve Account Requirement and the Series 2003B Reserve Account Requirement, respectively. Notwithstanding any other provision hereof, in the event that the Trustee is required to make a transfer from the Series 2003A Reserve Account or the Series 2003B Reserve Account as provided above, the Trustee shall first apply any cash on hand in the Series 2003A Reserve Account or the Series 2003B Reserve Account, prior to drawing any amount on the Series 2003A Reserve Surety or the Series 2003B Reserve Surety. In the event of such a draw, any Revenues which become available for deposit in the Series 2003A Reserve Account or the Series 2003B Reserve Account hereunder shall be applied as provided in the Financial Guaranty Agreement until all amounts owing to the Bond Insurer thereunder are paid in full. Notwithstanding anything herein to the contrary, the Trustee shall (i) provide the Bond Insurer notice in accordance with the terms of the Series 2003A Reserve Surety or the Series 2003B Reserve Surety, as applicable, of any draw on such Series 2003A Reserve Surety or Series 2003B Reserve Surety at least three days prior to the date on which the proceeds of such draw are required, and (ii) maintain adequate records, verified with the Bond Insurer as to the amount available to be drawn at any given time under the Series 2003A Reserve Surety and the Series 2003B Reserve Surety and as to the amounts paid and owing to the Bond Insurer under the terms of such Financial Guaranty Agreement and make such records available to the Bond Insurer for inspection upon reasonable notice. Notwithstanding anything to the contrary herein, this Trust Agreement may not be terminated unless provisions have been made to pay all amounts owed to the Bond Insurer under the terms of the Financial Guaranty Agreement. Notwithstanding anything to the contrary herein, there may be no optional redemption of Bonds or distribution of funds to the Authority unless all amounts owed to the Bond Insurer under the terms of the Financial Guaranty Agreement have been paid in full.

SECTION 4.04. [Reserved]

SECTION 4.05. Reserve Surety Policies and Letters of Credit. The Authority may satisfy the Series 2003A Reserve Account Requirement or the Series 2003B Reserve Account Requirement at any time by the deposit with the Trustee for the credit of the Series 2003A Reserve Account or the Series 2003B Reserve Account, as the case may be, of a surety bond, an insurance policy or letter of credit as described below, or any combination thereof, subject to the written consent of the Bond Insurer.

(a) Surety Bond or Insurance Policy. A surety bond or insurance policy issued to the Trustee, on behalf of the Holders of the applicable series of Bonds, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the applicable series of Bonds (a "municipal bond insurer") may be deposited in the Series 2003A Reserve Account or the Series 2003B Reserve Account to meet the Series 2003A Reserve Account Requirement or the Series 2003B Reserve Account Requirement, respectively, if the claims paying ability of such municipal bond insurer shall be rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's.

If the claims paying ability of a municipal bond insurer falls below an "Aaa" rating by Moody's Investors Service or an "AAA" rating by Standard & Poor's, the Authority will use its best efforts to procure a replacement surety bond or insurance policy within 30 days from the date of the decline in such claims paying ability, meeting the requirements set forth above to the extent that, in the judgment of the Authority, such a substitute or replacement surety bond or insurance policy is available upon reasonable terms and at a reasonable cost, or will use its best efforts to deposit into the Series 2003A Reserve Account or the Series 2003B Reserve Account, as applicable, a letter of credit meeting the requirements of this Section 4.05 in order to provide that there will be on deposit in the Series 2003A Reserve Account or the Series 2003B Reserve Account, as the case may be, an amount equal to the Series 2003A Reserve Account Requirement or the Series 2003B Reserve Account Requirement, respectively.

(b) Letter of Credit. A letter of credit may be deposited in the Series 2003A Reserve Account or the Series 2003B Reserve Account to meet the Series 2003A Reserve Account Requirement or the Series 2003B Reserve Account Requirement, respectively; provided that any such letter of credit must be issued or confirmed by a state or national bank or a foreign bank with an agency or branch located in the continental United States which has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category (disregarding rating subcategories) by Moody's Investors Service and Standard & Poor's, but in no event less than the rating on the applicable series of Bonds given by any rating agency which has a then currently effective rating on the applicable series of Bonds.

In the event that unsecured long-term debt securities of the state, national or foreign bank which has issued or confirmed any letter of credit are downgraded by Moody's Investors Service or Standard & Poor's to a rate below the requirements set forth above, the Authority will use its best efforts to obtain a substitute or replacement letter of credit within 30 days from the date of such downgrading from a state, national or foreign bank meeting the requirements set forth above, to the extent that, in the judgment of the Authority, such a substitute or replacement letter of credit is available upon reasonable terms and at a reasonable cost, or will use its best efforts to deposit into the applicable Reserve Account a replacement surety bond or insurance policy meeting the requirements of this Section 4.05 in order to provide

that there will be on deposit in the applicable Reserve Account an amount equal to the applicable Reserve Account Requirement.

Unless the Bonds have been fully paid and retired, the Trustee shall draw the full amount of any letter of credit credited to each Reserve Account on the third Business Day preceding the date such letter of credit (taking into account any extension, renewal or replacement thereof) would otherwise expire, and shall deposit moneys realized pursuant to such draw in the applicable Reserve Account.

(c) Release of Moneys in Reserve Accounts. If the Authority replaces a cash-funded Reserve Account, in whole or in part, with a surety bond, insurance policy or letter of credit meeting the requirements of either (a) or (b) above, amounts on deposit in the applicable Reserve Account shall, upon written request of the Authority to the Trustee, be transferred to the Authority and applied for the acquisition, construction, installation or equipping of public capital improvements; provided, that with respect to the Series 2003A Reserve Account, such transfer shall be conditioned on the receipt by the Authority and Trustee of an Opinion of Counsel that such transfer will not cause the interest on the Series 2003A Bonds to be included in gross income for purposes of federal income taxation.

SECTION 4.06. Deposit and Investments of Money in Accounts and Funds. Subject to Section 5.03, all money held by the Trustee in any of the accounts or funds established pursuant hereto shall be invested in Permitted Investments at the Written Request of the Authority. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder; provided, however, that moneys in the Series 2003A Reserve Account and the Series 2003B Reserve Account shall be invested in Permitted Investments with a term to maturity not exceeding five (5) years except for a repurchase agreement or an investment agreement so long as either allows for the withdrawal of monies at par for any purpose required by the Trust Agreement.

Except as provided in Section 5.03, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Trust Agreement (except the Series 2003A Reserve Account and the Series 2003B Reserve Account) shall be retained therein. So long as no event of default hereunder shall have occurred and be continuing and so long as all amounts owing to the Bond Insurer under the Financial Guaranty Agreement are paid in full, any amount in the Series 2003A Reserve Account in excess of the Series 2003A Reserve Account Requirement shall be withdrawn from the Series 2003A Reserve Account by the Trustee and such amount shall be deposited in the Series 2003 Revenue Fund. So long as no event of default hereunder shall have occurred and be continuing and so long as all amounts owing to the Bond Insurer under the Financial Guaranty Agreement are paid in full, any amount in the Series 2003B Reserve Account in excess of the Series 2003B Reserve Account Requirement shall be withdrawn from the Series 2003B Reserve Account by the Trustee and such amount shall be deposited in the Series 2003 Revenue Fund.

The Trustee may commingle the funds and accounts established hereunder for investment purposes, but shall account for each separately. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fees therefor. In the absence of written investment instructions from the Authority, the Trustee shall (i) notify the Authority in writing that it does not have investment instructions,

and (ii) until such instructions are received, invest in those investments described in clause (7) of the definition of Permitted Investments. The Trustee shall not be liable for any loss for any investment made in accordance with this section 4.06.

ARTICLE V

COVENANTS OF THE AUTHORITY; ASSIGNMENT TO TRUSTEE

SECTION 5.01. Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and the principal of and redemption premiums, if any, to become due on the Bonds issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained herein and in the Bonds.

SECTION 5.02. Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided herein, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Bonds as provided herein.

SECTION 5.03. Tax Covenants.

(a) The Authority covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2003A Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2003A Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under this Trust Agreement, the Authority shall so instruct the Trustee under this Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an Opinion of Counsel of recognized standing in the field of law relating to municipal bonds that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2003A Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 5.04. Accounting Records and Reports. The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee, at reasonable hours and under reasonable conditions. Not more than one hundred eighty (180) days after the close of each Fiscal Year, the Authority shall furnish or cause to be furnished to the Trustee a

complete financial statement covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year. The Authority shall also keep or cause to be kept such other information as required under the Tax Certificate. The Trustee shall have no duty to review or examine such statement.

SECTION 5.05. Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations hereunder; provided that the Trustee or any affected Holder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions hereunder, except for any loss, cost, damage or expense resulting from the active or passive negligence or willful misconduct of the Trustee. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect even though all Bonds secured hereby may have been fully paid and satisfied.

SECTION 5.06. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Holder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Holders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

SECTION 5.07. Assignment to Trustee; Enforcement of Obligations.

(a) The Authority, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby unconditionally grant, transfer and assign to the Trustee, without recourse, all of its rights, title and interest under the Loan Agreement, except, prior to any Event of Default hereunder or under the Loan Agreement, (i) the Authority's rights to receive any notices under this Trust Agreement or the Loan Agreement, (ii) the Authority's right to receive payments, if any, with respect to fees, expenses and indemnification and certain other purposes under the Loan Agreement and (iii) the Authority's rights to give approvals or consents pursuant to the Loan Agreement, but including, without limitation, the right to collect and receive directly all of the Revenues and the right to hold and enforce any security interest, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee.

(b) The Trustee also shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment (1) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement and any other security agreement with respect to the Bonds, and (2) to assure compliance with all covenants, agreements and conditions on the part of the Authority contained in this Trust Agreement with

respect to the Revenues. The Trustee shall give all notices which the Authority is required to cause it to give under the Loan Agreement.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. The Trustee. Union Bank of California, N.A., shall serve as the Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment in San Francisco or Los Angeles, California, with the rights and obligations provided herein. The Authority agrees that it will at all times maintain a Trustee having a corporate trust office in San Francisco or Los Angeles, California.

The Authority may at any time, unless there exists any event of default as defined in Section 8.01, and upon written request of the Bond Insurer, shall, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall be approved in writing by the Bond Insurer and shall be a bank or trust company doing business and having a corporate trust office in San Francisco or Los Angeles, California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars ($50,000,000) and subject to supervision or examination by federal or state authority. The Bond Insurer shall receive prior written notice of any name change of the Trustee or the resignation or removal of the Trustee. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority and by mailing to the Holders notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Bonds and a certificate of destruction shall be delivered to the Authority. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

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

SECTION 6.02. Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Bonds shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity hereof or of the Bonds, or shall incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own active or passive negligence or willful misconduct.

The Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and such Holder's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Bondholders pursuant to the provisions of this Trust Agreement unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Holders for the payment of interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

The Trustee shall not be deemed to have knowledge of any event of default, other than an event of default under Section 8.01(a) or 8.01(b), unless and until an officer at the Trustee's corporate trust office responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its corporate trust office. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default

or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys-in-fact, agents or receivers, and shall be answerable for the negligence or misconduct or any such attorney-in-fact, agent or receiver. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney-in-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of this Trust Agreement, if such attorney-in-law or certified public accountant was selected by the Trustee with due care.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Whether or not therein expressly so provided, every provision of this Trust Agreement, the Loan Agreement or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Certificate of the Authority or Written Request of the Authority), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it hereunder at its prime rate plus two percent.

SECTION 6.03. Compensation and Indemnification of Trustee. The Authority covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Trust Agreement (including the

reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created hereby, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 6.03 shall survive the discharge of the Bonds and this Trust Agreement and the resignation or removal of the Trustee.

ARTICLE VII

AMENDMENT OF THE TRUST AGREEMENT

SECTION 7.01. Amendment of the Trust Agreement. (a) The Trust Agreement and the rights and obligations of the Authority and of the Holders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Holder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority or the Agency without their prior written assent thereto, respectively.

(b) The Trust Agreement and the rights and obligations of the Authority and of the Holders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Holders, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel and the giving of notice to the Bond Insurer, for any purpose that will not materially adversely affect the interests of the Holders, including (without limitation) for any one or more of the following purposes –

(i) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved herein to or conferred herein on the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary and not inconsistent herewith;

(iii) to provide for the issuance of any Bonds; or

(iv) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

SECTION 7.02. Disqualified Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this article, and shall not be entitled to consent to or take any other action provided in this article.

SECTION 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Holder of any Outstanding Bonds and presentation of his Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Outstanding Bond a new Bond or Bonds shall be exchanged at the office of the Trustee without cost to each Holder for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

SECTION 7.04. Amendment by Mutual Consent. The provisions of this article shall not prevent any Holder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

SECTION 7.05. Bond Insurer Notice and Consent. With respect to amendments or supplements to this Trust Agreement described in Section 7.01(b), the Bond Insurer must be given notice of any such amendments or supplements. With respect to amendments or supplements to this Trust Agreement described in Section 7.01(a), the Bond Insurer's prior written consent is required. Copies of any amendments or supplements to this Trust Agreement which are consented to by the Bond Insurer shall be sent to the rating agencies which have assigned a rating to the Bonds. All notices required to be given to the Bond Insurer under the Trust Agreement shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance. Notwithstanding any other provision of this Trust Agreement, in determining whether the rights of Holders will be adversely affected by any action taken pursuant to the terms and provisions of this Trust Agreement, the Trustee shall consider the effect on the Holders as if there were no Municipal Bond Insurance Policy; provided, that for purposes of Section 7.01(b), any amendment approved in writing by the Bond Insurer shall be deemed to not materially adversely affect the interests of the Holders so long as the Municipal Bond Insurance Policy is in full force and effect at the time of the amendment.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

SECTION 8.01. Events of Default and Acceleration of Maturities. If one or more of the following events (herein called "events of default") shall happen, that is to say:

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

(b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required herein to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee or the Bond Insurer;

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

(e) if an Event of Default has occurred under either of the Loan Agreement.

then and in each and every such case during the continuance of such event of default the Trustee may, and upon the written request of the Holders of not less than fifty one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained herein or in the Bonds to the contrary notwithstanding. The Trustee shall promptly notify all Holders of any such event of default which is continuing.

This provision, however, is subject to the condition that if at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Holders of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

SECTION 8.02. Application of Funds Upon Acceleration. All moneys in the accounts and funds provided in Sections 2.11, 4.02, 4.03 and 4.05 upon the date of the declaration of acceleration by the Trustee as provided in Section 8.01 and all Revenues (other than Revenues on deposit in the Rebate Fund as defined by and pursuant to the Tax Certificate) thereafter received by the Authority hereunder shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the costs and expenses of the Holders in providing for the declaration of such event of default, including reasonable compensation to their accountants and counsel, and to the payment of the fees, costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its accountants and counsel; and

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

Notwithstanding any other provision hereof, no amounts shall be paid to the Holders of the Bonds from Revenues derived from amounts required to be deposited in the Agency's Low and Moderate Income Housing Fund pursuant to the Law.

SECTION 8.03. Institution of Legal Proceedings by Trustee. If one or more of the events of default shall happen and be continuing, the Trustee may, and upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Holders of Bonds under this Trust Agreement and under Article VII of the Loan Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder.

SECTION 8.04. Non-Waiver. Nothing in this article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon prior redemption as provided herein from the Revenues as provided herein pledged for such payment, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 8.05. Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Holder shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Holders, whether or not the Trustee is a Holder, and the Trustee is hereby appointed (and the successive Holders, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

SECTION 8.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

SECTION 8.07. Limitation on Bondholders' Right to Sue. No Holder of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 8.01 hereunder; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any owner of Bonds of any remedy hereunder; it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to

enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders of the Outstanding Bonds.

ARTICLE IX

DEFEASANCE

SECTION 9.01. Discharge of Bonds.

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, then the Holders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues, as provided herein, and all agreements, covenants and other obligations of the Authority to the Holders of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 2.03, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities which are not subject to redemption prior to maturity (including any such Defeasance Securities issued or held in book-entry form on the books of the Agency or the Treasury of the United States of America) or tax exempt obligations of a state or political subdivision thereof which have been defeased under irrevocable escrow instructions by the deposit of such money or Defeasance Securities and which are then rated in the highest rating category by the Rating Agency, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Holders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

SECTION 9.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall at the Written Request of the Authority be repaid 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 Holders shall not look to the Trustee for the payment of such Bonds.

SECTION 9.03. Payment by Bond Insurer. In the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the Holders of Outstanding Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Holders of Outstanding Bonds including, without limitation, any rights that such Holders of Outstanding Bonds may have in respect of securities law violations arising from the offer and sale of the Bonds.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Liability of Authority Limited to Revenues. Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring an indebtedness.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided herein, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided herein. The Bonds are not a debt of the Authority, the State of California or any of its political subdivisions, and neither the Authority, said State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Authority as provided herein. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

SECTION 10.02. Benefits of the Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Holders any right, remedy or claim under or by reason hereof.

Any agreement or covenant required herein to be performed by or on behalf of the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Holders.

SECTION 10.03. Successor Is Deemed Included In All References To Predecessor. Whenever herein either the Authority or any member, officer or employee thereof or of the State of California is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the Project that are presently vested in the Authority or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 10.04. Execution of Documents by Holders. Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor and may be executed by Holders in person or by their attorneys appointed in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the office of the Trustee.

Any declaration, request, consent or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond with respect to anything done or suffered to be done by the Trustee or the Authority in good faith and in accordance therewith.

SECTION 10.05. Waiver of Personal Liability. No member, officer or employee of the Authority, the Agency or the City of Richmond shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

SECTION 10.06. Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 10.07. Destruction of Cancelled Bonds. Whenever provision is made for the return to the Authority of any Bonds which have been cancelled pursuant to the provisions hereof, the Authority may, by a Written Request of the Authority, direct the Trustee to destroy such Bonds and furnish to the Authority a certificate of such destruction.

SECTION 10.08. Content of Certificates. Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or provision provided herein

shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Certificate of the Authority may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which the certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Authority, upon a representation by an officer or officers of the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which the opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 10.09. Accounts and Funds; Business Days. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with the Tax Certificate and sound corporate trust accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Holders. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

SECTION 10.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Authority:

Richmond Joint Powers Financing Authority c/o City of Richmond
2600 Barrett Ave.
Richmond, California 94804
Attention: Director of Finance

If to the Trustee:

Union Bank of California, N.A.
Corporate Trust Administration
475 Sansome Street, 12th Floor
San Francisco, CA 94111

If to the Bond Insurer:

MBIA Insurance Corporation
113 King Street
Armonk, NY 10504
Attention: Surveillance

SECTION 10.11. Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 10.12. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Holders shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 10.13. Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 10.14. Amendments to Loan Agreement. The Authority shall not supplement, amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee and the Bond Insurer. The Trustee shall give such written consent only if (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the Holders or result in any material impairment of the security hereby given for the payment of the Bonds, or (b) the Trustee first obtains the written consent of the Holders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination shall reduce the amount of Loan Payments to be made to the Authority or the Trustee by the Agency pursuant to the Loan Agreement, or extend the time for making such payments, or

permit the creation of any lien prior to or on a parity with the lien created by the Loan Agreement to secure the Loan Payments (except as expressly provided in the Loan Agreement), in each case without the written consent of all of the Holders of the Bonds then Outstanding.

SECTION 10.15. Notice to Bond Insurer. Any notice that is required to be given to Holders of all Outstanding Bonds, Securities Depositories pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission or to the Trustee pursuant to this Trust Agreement shall also be provided to the Bond Insurer (Attention: Insured Portfolio Management). Without limiting the generality of the foregoing, the Trustee shall give the Bond Insurer prompt notice of any withdrawal from the Series 2003A Reserve Account or the Series 2003B Reserve Account, as the case may be, any valuation of the Series 2003A Reserve Account or the Series 2003B Reserve Account, as the case may be, which demonstrates that the value of the investments in such fund is less than the Series 2003A Reserve Account Requirement or the Series 2003B Reserve Account Requirement, as applicable, any failures by the Authority to make any payment when due, and any other event of default of which the Trustee is aware. The Authority shall also cause the Bond Insurer to be provided with copies of all notices given under the Loan Agreement. All notices required to be given to the Bond Insurer shall be in writing and shall be sent by registered or certified mail.

SECTION 10.16. Consent Rights of Bond Insurer.

(a) Consent of Bond Insurer. Any provision of this Trust Agreement expressly recognizing or granting rights in or to Bond Insurer may not be amended in any manner which affects the rights of Bond Insurer hereunder without the prior written consent of Bond Insurer.

(b) Consent of Bond Insurer in Addition to Bondholder Consent. Whenever this Trust Agreement requires the consent of Holders, Bond Insurer's consent shall also be required.

(c) Consent of Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Authority or underlying obligor must be acceptable to Bond Insurer. In the event of any reorganization or liquidation, Bond Insurer shall have the right to vote on behalf of all Holders who hold Bond Insurer-insured Bond absent a default by Bond Insurer under the Municipal Bond Insurance Policy.

(d) Consent of Bond Insurer Upon Default. Anything in this Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders or the Trustee for the benefit of the Holders under this Trust Agreement, including, without limitation: (i) the right to accelerate the principal of the Bonds as described in this Trust Agreement, and (ii) the right to annul any declaration of acceleration, and the Bond Insurer shall be entitled to approve all waivers of events of default.

(e) Acceleration Rights. Upon the occurrence of an event of default, the Trustee shall, at the direction of Bond Insurer or at the direction of 51% of the Holders with the consent of Bond Insurer, by written notice to the Authority, the underlying obligor and Bond Insurer, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of

payment shall, without further action, become and be immediately due and payable, anything in this financing document or in the Bonds to the contrary notwithstanding.

(f) Use of Bond Insurer's Name. To the extent permitted by law, the Authority agrees not to use the Bond Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Bond Insurer's prior consent. In the event that the Authority is advised by counsel that it has a legal obligation to disclose the Bond Insurer's name in any press release, public announcement or other public document, the Authority, to the extent permitted by law, shall (i) provide the Bond Insurer with at least three (3) Business Days' prior written notice of its intent to use the Bond Insurer's name together with a copy of the proposed use of the Bond Insurer's name and of any description of a transaction with the Bond Insurer and (ii) obtain the Bond Insurer's prior consent as to the form and substance of the proposed use of the Bond Insurer's name and any such description.

SECTION 10.17. Bond Insurer as Third Party Beneficiary. To the extent that this Trust Agreement confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of this Trust Agreement, the Bond Insurer is explicitly recognized as being a third-party beneficiary hereunder and may enforce any such rights, remedy or claim conferred, given or granted thereunder.

IN WITNESS WHEREOF, the RICHMOND JOINT POWERS FINANCING AUTHORITY has caused this Trust Agreement to be signed in its name by its Treasurer/Auditor and UNION BANK OF CALIFORNIA, N.A., in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By _____
Treasurer/Auditor

UNION BANK OF CALIFORNIA, N.A.,
as Trustee

By _____
Authorized Signatory

EXHIBIT A

[FORM OF BOND]

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
[SERIES 2003A (TAX EXEMPT)/
[SERIES 2003B (TAXABLE)]

No. R-____ $_____

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
_____%	September 1, _____	August 27, 2003	

REGISTERED OWNER:

PRINCIPAL SUM:

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1.

Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of Union Bank of California, N.A., in Los Angeles, California.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its "Tax Allocation Revenue Bonds, [Series 2003A (Tax-Exempt)/Series 2003B (Taxable)]" (the "Bonds") in aggregate principal amount of [sixteen million eighty thousand/twelve million five hundred thousand] dollars ($16,080,000/12,500,000) all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement, dated as of August 1, 2003, between the Authority and Union Bank of California, N.A., as trustee (the "Trustee") (the "Trust Agreement") (copies of which are on file at the corporate trust office of the Trustee in San Francisco).

The Bonds are issued to provide funds to finance certain public capital improvements as defined in the Act and to assist the Agency in repaying certain obligations under a promissory note to the City of Richmond (the "City"). The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts pursuant to the Trust Agreement and the revenues (the "Revenues") derived from certain loan payments and guaranty payments made by the Richmond Redevelopment Agency (the "Agency"), and certain interest or other investment income, pursuant to the Loan Agreement, dated as of August 1, 2003 (the "Loan Agreement"), by and between the Authority and the Agency, and the Authority is not obligated to pay interest or premium, if any, on and principal of the Bonds except from the Revenues. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge of and charge and lien upon the Revenues, and said Revenues constitute a trust fund for the security and payment of the interest or premium, if any, on and principal of the Bonds as provided in the Trust Agreement. The full faith and credit of the Authority, the Agency and the City are not pledged, for the payment of the interest or premium, if any, on or principal of the Bonds. No tax shall ever be levied or collected to pay the interest on or principal of the Bonds except for the tax increment revenue received by the Agency and pledged under the Loan Agreement. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues, and neither the payment of the interest on nor principal of the Bonds is a debt, liability or general obligation of the Authority. Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between

the Authority and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

The Bonds are subject to optional and mandatory redemption by the Authority on the dates, in the amounts, at the redemption prices and upon the notice as provided in and under the circumstances and terms prescribed in the Loan Agreement and the Trust Agreement.

If an event of default, as defined in the Trust Agreement, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement; except that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Union Bank of California, N.A., San Francisco, California.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Union Bank of California, N.A. or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is

defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[$16,080,000/12,500,000]
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, [SERIES 2003A (TAX-EXEMPT)/SERIES 2003B (TAXABLE)]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

MBIA INSURANCE CORPORATION

IN WITNESS WHEREOF, the Richmond Joint Powers Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or authorized facsimile signature of the Treasurer/Auditor of the Authority and countersigned by the manual or authorized facsimile signature of the Secretary of said Authority, and has caused this Bond to be dated as of the original issue date specified above.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By _____
Treasurer/Auditor

Countersigned:

_____
Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on _____.

UNION BANK OF CALIFORNIA, N.A.,
as Trustee

By _____
Authorized Signatory

[FORM OF ASSIGNMENT TO APPEAR ON BONDS]

For value received the undersigned hereby sells, assigns and transfers unto ____ _____ (Taxpayer Identification Number:_____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

_____

Dated: _____

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: _____

Notice: Signature must be guaranteed by an eligible guarantor institution.

LOAN AGREEMENT

by and between the

RICHMOND REDEVELOPMENT AGENCY

and the

RICHMOND JOINT POWERS FINANCING AUTHORITY

Dated as of August 1, 2003

relating to

Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)
and
Series 2003B (Taxable)

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions 1

SECTION 1.02. Rules of Construction 7

ARTICLE II

LOAN TERMS; DISBURSEMENT; PARITY DEBT

SECTION 2.01. Authorization 7

SECTION 2.02. Loan Payments 7

SECTION 2.03. Prepayment and Reduction in Loan Funds 8

SECTION 2.04. Deposit of Loan Funds 8

SECTION 2.05. Parity Debt 8

SECTION 2.06. Agency's Payment of Project Costs 11

SECTION 2.07. Validity of Loan 11

SECTION 2.08. Additional Payments 11

ARTICLE III

PLEDGE OF PLEDGED TAX REVENUES;

APPLICATION OF FUNDS

SECTION 3.01. Pledge of Pledged Tax Revenues and Special Fund 12

SECTION 3.02. Special Fund; Deposits 12

SECTION 3.03. Commingling of Accounts 13

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE AGENCY

SECTION 4.01. Organization; Authority 13

SECTION 4.02. Agreement Valid and Binding; Approval by Legislative Body of Community 13

SECTION 4.03. No Conflict in Execution of Agreement 13

SECTION 4.04. No Litigation 13

SECTION 4.05. No Breach or Default 14

SECTION 4.06. No Consent, Approval or Permission Necessary 14

SECTION 4.07. Pledged Funds; Limited Obligation 14

TABLE OF CONTENTS
(continued)

Page

SECTION 4.08. Information Submitted to the Authority 14
SECTION 4.09. Financial Statements of the Agency 14
SECTION 4.10. Pledge and First Lien 14
SECTION 4.11. Establishment of Project Area 14

ARTICLE V

AFFIRMATIVE COVENANTS OF THE AGENCY

SECTION 5.01. Punctual Payment 15
SECTION 5.02. Payment of Claims 15
SECTION 5.03. Books and Accounts; Financial Statements 15
SECTION 5.04. Protection of Security and Rights 15
SECTION 5.05. Management of Properties 15
SECTION 5.06. Tax Covenants 15
SECTION 5.07. Taxation of Leased Property 16
SECTION 5.08. Assumption of Loan Agreement 16
SECTION 5.09. Payment from Tax-Exempt Debt 17
SECTION 5.10. Further Assurances 17
SECTION 5.11. Continuing Disclosure 17
SECTION 5.12. Notice of Default and Event of Default 17
SECTION 5.13. Statements of Indebtedness 17
SECTION 5.14. Cumulative Tax Revenue Limit 17

ARTICLE VI

NEGATIVE COVENANTS OF THE AGENCY

SECTION 6.01. Limitation on Additional Debt 17
SECTION 6.02. Disposition of Property 18
SECTION 6.03. Nondiscrimination 19
SECTION 6.04. Amendment of Redevelopment Plan 19

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. Events of Default and Acceleration of Loan 19

TABLE OF CONTENTS
(continued)

Page

SECTION 7.02.	Remedies	20
SECTION 7.03.	Application of Funds upon Default	21
SECTION 7.04.	No Waiver	21
SECTION 7.05.	Remedies Not Exclusive	22
	ARTICLE VIII	
	MISCELLANEOUS	
SECTION 8.01.	Venue	22
SECTION 8.02.	Assignment	22
SECTION 8.03.	Benefits Limited to Parties	22
SECTION 8.04.	Successor	22
SECTION 8.05.	Discharge of Loan Agreement	22
SECTION 8.06.	Amendment	23
SECTION 8.07.	Waiver of Personal Liability	23
SECTION 8.08.	Payment on Business Days	23
SECTION 8.09.	Notices	23
SECTION 8.10.	Partial Invalidity	24
SECTION 8.11.	Governing Law	24
SECTION 8.12.	Indemnification	24
SECTION 8.13.	Bond Insurer as Third Party Beneficiary	25
SECTION 8.14.	Effective Date	25

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into as of August 1, 2003, by and between the RICHMOND REDEVELOPMENT AGENCY, a public body, corporate and politic duly organized and existing under the laws of the State of California (the "Agency") and the RICHMOND JOINT POWERS FINANCING AUTHORITY (the "Authority"), duly organized and validly existing pursuant to a Joint Exercise of Powers Agreement by and between the Agency and the City of Richmond, dated as of December 1, 1989 and Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 of Government Code of the State of California (the "Act").

W I T N E S S E T H:

WHEREAS, the Agency adopted a resolution authorizing a loan from the Authority to finance and refinance redevelopment activities within its merged redevelopment project areas, and the Agency hereby finds and determines that there will be significant public benefits accruing from such borrowing; and

WHEREAS, all acts and proceedings required by law necessary to make this Loan Agreement, when executed by the Agency and the Authority, the valid, legal and binding obligation of the Agency and the Authority, and to constitute this Loan Agreement a legal, valid, and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution of this Loan Agreement have been in all respects duly authorized; and

WHEREAS, the Agency desires to repay this Loan from tax increment revenues generated from certain of its project areas which currently have a time limit for incurring indebtedness pursuant to the Law (as defined herein) after January 1, 2004; and

WHEREAS, a portion of the proceeds of this Loan Agreement will be applied by the Agency to repay the amount of $18,000,000 of those certain loans, promissory notes and reimbursement agreements evidencing indebtedness the Agency has incurred to the City of Richmond (the "Community") in connection with the redevelopment of the Project Area from time to time, which indebtedness is outstanding in an amount of $24,628,020.48 as of August 27, 2003 (the "Prior Obligations");

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless the context clearly otherwise requires, the capitalized terms in this Loan Agreement shall have the respective meanings set forth below. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

"Act" means Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code.

"Agency" means the Richmond Redevelopment Agency.

"Authority" means the Richmond Joint Powers Financing Authority.

"Bond Insurer" means MBIA Insurance Corporation, as issuer of the Municipal Bond Insurance Policy, the Series 2003A Reserve Surety and the Series 2003B Reserve Surety.

"Bonds" means the Series 2003A Bonds and the Series 2003B Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto, and any regulations promulgated thereunder.

"Community" means the City of Richmond, California.

"County" means Contra Costa County.

"Debt Service" means, for any Fiscal Year, the sum of (A) the Loan Payments due and payable under this Loan Agreement during such Fiscal Year, plus (B) any Parity Debt Service payable during such Fiscal Year.

"Event of Default" means any of the events described in Section 7.01.

"Financial Guaranty Agreement" means each of the Financial Guaranty Agreements, dated as of August 27, 2003, by and between the Authority and the Bond Insurer providing for the issuance of the Series 2003A Reserve Surety and the Series 2003B Reserve Surety, respectively.

"Fiscal Year" means any 12 month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive.

"Independent Certified Accountant" means any certified public accountant or firm of certified public accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, acceptable to the Authority and the Trustee and appointed by the Agency, and who, or each of whom:

(a) is in fact independent and not under the control of the Agency or the Authority;

(b) does not have any substantial interest, direct or indirect, in the Agency or the Authority; and

(c) is not connected with the Agency or the Authority as an officer or employee of the Agency or the Authority, but who may be regularly retained to make reports to the Agency or the Authority.

"Independent Consultant" means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies, acceptable to the Authority and the Trustee and appointed and paid by the Agency, and who, or each of whom:

(1) is in fact independent and not under the domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

"Interest Payment Date" means March 1 and September 1 of each year, commencing March 1, 2004.

"Law" means the Community Redevelopment Law of the State of California (being Part I of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto.

"Loan" means the loan made by the Authority to the Agency and evidenced by this Loan Agreement.

"Loan Agreement" means this Loan Agreement, between the Authority and the Agency, under which the Loan is made, as originally entered into or as amended pursuant to the provisions hereof.

"Loan Funds" mean the moneys provided by the Authority to the Agency pursuant to this Loan Agreement to finance the Project.

"Loan Payments" means the loan repayment installments required to be paid hereunder pursuant to Section 2.02(a).

"Maximum Annual Debt Service" means as of the date of calculation, the greatest total Debt Service payable in any Fiscal Year during the period commencing with the then current Fiscal Year and terminating with the Fiscal Year in which the last payments are due under this Loan Agreement.

"Pass-Through Payments" means all payments required to be paid in each Fiscal Year to any Taxing Agencies pursuant to the Law with respect to the Project Area, but only to the extent that such payments are not subordinated to the payment of Debt Service.

"Parity Debt" means (i) the Series 2000A Guaranty Payments under the Post-2004 Guaranty Agreement and (ii) any other loan, bond, note, advance, installment sale agreement, or other evidence of indebtedness or capital lease payable from and secured by a lien on the Pledged Tax Revenues on a parity with the Loan, issued or incurred pursuant to and in accordance with the provisions of Section 2.05.

"Parity Debt Instrument" means any resolution, loan agreement, capital lease, installment sale agreement, trust agreement or other instrument under which any Parity Debt is issued or incurred.

"Parity Debt Service" means for any Fiscal Year, the sum of (a) the interest due and payable during such Fiscal Year under any and all outstanding Parity Debt, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments on any Parity Debt are made as scheduled; (b) that portion of the principal amount due all outstanding Parity Debt maturing during such Fiscal Year; and (c) that portion of the principal amount of all such outstanding Parity Debt required to be redeemed or paid (together with the redemption premiums, if any, thereof) during such Fiscal Year. Parity Debt Service shall not include (a) interest on Parity Debt which is to be paid from amounts constituting capitalized interest or (b) interest on or principal of Parity Debt payable from the proceeds of any Parity Debt required to remain unexpended and to be held in escrow pursuant to the terms of a Parity Debt Instrument, provided that each escrow complies with the terms of Section 2.05(b)(3). For purposes of calculating Parity Debt Service with respect to the Post-2004 Guaranty Agreement, the maximum amount of Series 2000A Guaranty Payments payable thereunder shall be assumed to be required to be paid in each Fiscal Year.

"Pledged Tax Revenues" means, for each Fiscal Year during the term hereof, all of the taxes eligible for allocation to the Agency pursuant to the Law with respect to the Project Area (including all payments, reimbursements and subventions, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations):

decreased by

(a) amounts, if any, not exceeding twenty percent (20%) of certain of such taxes which may be required by law to be deposited in the Housing Fund;

(b) amounts, if any, received pursuant to Section 16111 of the Government Code; and

(c) Pass-Through Payments; and

(d) the Senior Harbour Debt Service;

and increased by

(e) an amount equal to the Loan Payments; and

(f) an amount payable from the amounts otherwise required to be deposited in the Housing Fund pursuant to the Law equal to Debt Service with respect to Parity Debt (other than the Loan Payments) times a fraction, the numerator of which is the amount of proceeds (net of reserve funds and costs of issuance) of such Parity Debt that is deposited in the Housing Fund or used for purposes for which funds in the Housing Fund are eligible under the Law, and the denominator of which is the aggregate amount of proceeds (net of reserve funds and costs of issuance) of such Parity Debt.

"Post-2004 Guaranty Agreement" means that certain loan agreement entitled "Post-2004 Guaranty Agreement" by and between the Agency and the Authority, dated as of November 1, 2000.

"Prior Obligations" means the indebtedness the Agency has incurred to the City in connection with the redevelopment of the Project Area from time to time in the form of certain loans, promissory notes and reimbursement agreements, which indebtedness is outstanding in an amount of $24,628,020.48 as of August 27, 2003.

"Project Area" means, collectively, the following project areas (or portions thereof) established by the Agency, which have been merged by the Agency pursuant to the Law:

- *Eastshore 1A Project Area*, initially established August 26, 1957; as amended from time to time, but only that portion of the Eastshore 1A Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- *Harbor Gate 6A Project Area*, initially established November 8, 1954; as amended from time to time, but only those portions of the Harbor Gate 6A Project Area added by the amendments to the Redevelopment Plan adopted by the Agency on June 26, 1995 and July 13, 1999.

- *Hensley 8A Project Area*, initially established May 29, 1960; as amended from time to time, but only that portion of the Hensley 8A Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- *Downtown 10A Project Area*, initially established May 23, 1966; as amended from time to time, but only that portion of the Downtown 10A Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- *Nevin 10B Project Area*, initially established September 18, 1972; as amended from time to time, but only that portion of the Nevin 10B Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- *Harbour 11A Project Area*, initially established June 9, 1975, as amended from time to time, including that portion of the Harbour 11A Project Area added by amendment to Redevelopment Plan adopted on July 13, 1999.

"Rating Agency" means Standard & Poor's Rating Services or, in the event that Standard & Poor's Rating Services no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as Standard & Poor's Ratings Services or other nationally recognized rating agency then maintains a rating on the Bonds.

"Redevelopment Plan" means, collectively, the Redevelopment Plans for the Project Area, as the same may be amended from time to time by the Agency.

"Report" means a document in writing signed by an Independent Consultant or an Independent Certified Public Accountant, and including:

(a) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Loan Agreement to which such Report relates;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

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

"Senior Harbour Debt Service" means the principal (including mandatory redemption payments) of and interest on the Agency's Harbour Redevelopment Project 1991 Tax Allocation Bonds and the Agency's Harbour Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A and any other bonds issued under the Senior Harbour Indenture.

"Senior Harbour Indenture" means the Indenture, dated January 1, 1992, as amended by a First Supplemental Indenture, dated as of February 1, 1998, all by and between the Agency and U.S. Bank Trust, N.A. (as successor to First Trust of California, N.A.).

"Series 2000A Guaranty Payments" means the payments required to be paid under the Post-2004 Guaranty Agreement.

"Series 2003A Bonds" means the Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) issued by the Authority pursuant to the Trust Agreement.

"Series 2003B Bonds" means the Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003B (Taxable) issued by the Authority pursuant to the Trust Agreement.

"Special Fund" means the Richmond Redevelopment Agency special fund established and maintained by the Agency pursuant to the Law into which the Agency deposits all Pledged Tax Revenues and in which the Authority has a security interest pursuant to the terms of this Loan Agreement. The Special Fund may be created as a fund or account within a fund under the Agency's financial statements.

"State" means the State of California.

"Subordinate Debt" means any loan, bond, note, advance, installment sale agreement, capital lease or other indebtedness of the Agency payable from tax increment revenues which are subordinate to the Loan.

"Subordinate Debt Instrument" means any resolution, loan agreement, lease, installment sale agreement, trust agreement or other instrument authorizing any Subordinate Debt.

"Tax Certificate" means the tax certificate executed and delivered by the Agency on the date hereof setting forth certain conditions, covenants, expectations and elections of the Agency with respect to the Loan in accordance with the Code.

"Taxing Agencies" means all local government agencies entitled to a portion of the property taxes levied in the Project Area.

"Trust Agreement" means the Trust Agreement, dated as of August 1, 2003, by and between the Authority and the Trustee, pursuant to which the Bonds are issued.

"Written Certificate of the Agency" means a request or certificate, in writing, signed by a duly authorized representative of the Agency.

SECTION 1.02. Rules of Construction. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, and pronouns inferring the masculine gender shall include the feminine gender and vice versa. All references herein to particular articles or sections are references to articles or sections of this Loan Agreement. The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Loan Agreement, nor shall they affect its meanings, construction or effect.

ARTICLE II

LOAN TERMS; DISBURSEMENT; PARITY DEBT

SECTION 2.01. Authorization. The Authority, pursuant to resolution previously adopted, hereby agrees to lend to the Agency and the Agency hereby agrees to borrow from the Authority the principal amount of $28,580,000 under and subject to the terms of this Loan Agreement. This Loan Agreement constitutes a continuing agreement between the Agency and the Authority to secure the full and final repayment of the Loan, subject to the covenants, agreements, provisions, limitations and conditions herein contained.

SECTION 2.02. Loan Payments.

(a) The Agency agrees that, at least fifteen (15) days prior to each Interest Payment Date, the Agency shall transfer to the Trustee from the Special Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Bonds on such Interest Payment Date (the "Loan Payment"). The Loan Payments shall be payable from all Pledged Tax Revenues. In the event that the Pledged Tax Revenues are insufficient to pay all Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Loan Payments and Parity Debt Service.

(b) All Loan Payments hereunder shall be payable by the Agency in immediately available funds which constitute lawful money of the United States of America. Such payments shall be secured, and amounts for the payment thereof shall be deposited with the Authority as set forth in Article III.

SECTION 2.03. Prepayment and Reduction in Loan Funds. The Loan Payments shall be subject to optional prepayment in whole or in part on the dates, in the amounts and subject to the notice requirements applicable to redemption of the Series 2003A and the Series 2003B Bonds, respectively, as provided in the Trust Agreement.

SECTION 2.04. Deposit of Loan Funds . Upon the Issuance of the Bonds, the Authority shall cause the Trustee to transfer to the accounts listed below the following amounts, which the Trustee shall apply as set forth in the Trust Agreement:

(a) From the proceeds of the Bonds, (i) the amount of $18,000,000 (being $13,000,000 from the proceeds of the Series 2003A Bonds and $5,000,000 from the proceeds of the Series 2003B Bonds) shall be transferred to the Community in partial repayment of the Prior Obligations upon the Agency and the Community entering into a Loan Agreement, dated August 27, 2003, evidencing the balance of the amount remaining due under the Prior Obligations, and (ii) the amount of $5,000,386.13 (from the proceeds of the Series 2003B Bonds) shall be deposited in the Series 2003B Project Account, which account the Trustee shall establish and maintain. Amounts in the Series 2003B Project Account shall be withdrawn by the Agency as provided in the Trust Agreement for the purpose of financing projects and activities authorized by the Redevelopment Plan and the Law, but only to the extent such expenditures are permitted for the use of the proceeds of the Bonds under the Code and the Tax Certificate of the Agency executed and delivered on the date of issuance of the Bonds.

(b) From the proceeds of the Series 2003A Bonds, the amount of $1,555,519.03 shall be deposited in the Series 2003A Interest Account.

(c) From the proceeds of the Series 2003B Bonds, the amount of $1,492,863.87 shall be deposited in the Series 2003B Interest Account.

(d) From the proceeds of the Series 2003A Bonds, the amount of $804,000 shall be deposited in the Series 2003A Reserve Account within the Series 2003 Revenue Fund.

(e) From the proceeds of the Series 2003B Bonds, the amount of $625,000 shall be deposited in the Series 2003B Reserve Account within the Series 2003 Revenue Fund.

(f) The remaining amount of the Loan shall be applied to the payment of the costs of issuance of the Bonds and to make the other deposits to the funds and accounts held by the Trustee pursuant to the Trust Agreement as provided therein.

SECTION 2.05. Parity Debt. In addition to the Loan, the Agency may after the date hereof issue or incur Parity Debt in such principal amount as shall be determined by the Agency subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Debt issued under this Section:

(a) No Event of Default hereunder, under any Parity Debt Instrument, under any Subordinate Debt Instrument or under any other instrument secured by tax increment revenues of the Agency with respect to the Project Area shall have occurred and be continuing, and the Agency shall otherwise be in compliance with all covenants set forth in this Loan Agreement.

(b) The Pledged Tax Revenues to be received by the Agency in the then current Fiscal Year based upon the most recent qualified assessment roll of the County shall be in an amount equal to at least one hundred forty percent (140%) of Maximum Annual Debt Service.

For the purpose of the calculations pursuant to this subsection (b), the following shall apply:

(1) The Pledged Tax Revenues referred to above shall be deemed to be increased by any additional assessed valuation of taxable property as to which construction has been completed, as of the date of, and as may be shown by, a Report of an Independent Consultant;

(2) The Pledged Tax Revenues shall not include any amounts resulting from a property tax rate in the Project Area in excess of one percent (1%) unless the Agency files with the Authority a Report of an Independent Consultant showing that any such excess tax rate will be in effect throughout the term of this Loan.

(3) For purposes of calculating Maximum Annual Debt Service, Parity Debt shall not include any debt with respect to which the following conditions are met:

(A) The proceeds of such Parity Debt shall be held by a corporate trustee in a separate fund (a "Temporary Redemption Fund") and deposited or invested in federal securities as defined in Section 8.05 or in an investment agreement with a financial institution or insurance company, whose unsecured debt obligations are rated in at least the second-highest rating category by at least one nationally recognized securities rating agency and approved in writing by the Authority, at a rate of interest which, together with amounts made available by the Agency from Parity Debt proceeds or otherwise, is at least sufficient to pay Debt Service on the Parity Debt the proceeds of which are to be deposited in the Temporary Redemption Fund.

(B) Moneys may be transferred from the Temporary Redemption Fund only if Pledged Tax Revenues for the then current Fiscal Year will be at least equal to one hundred forty percent (140%) of Maximum Annual Debt Service, (excluding from such calculation the principal amount of Parity Debt which is equal to moneys on deposit in said Temporary Redemption Fund after each such transfer).

(C) Parity Debt shall be redeemed from moneys remaining on deposit in the Temporary Redemption Fund at the expiration of a specified escrow period in such manner as may be determined by the Agency.

(c) The Agency shall deliver to the Authority and the Trustee prior to the incurrence of such Parity Debt a copy of the Parity Debt Instrument and Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a), (b) and (c) above have been satisfied and, as applicable, the report required by subsection (b) above has been delivered.

(d) For purposes in making the calculations set forth in (b):

(i) if any Parity Debt is capital appreciation bonds or a similar compound interest instrument, then the accreted value payment shall be deemed a principal payment and interest that is compounded and paid as accreted value shall be deemed due on the scheduled redemption or payment date of such Parity Debt;

(ii) if any Parity Debt bears interest payable pursuant to a variable interest rate formula, the interest rate on such Parity Debt for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the greater of (A) the actual rate on the date of calculation, or if such Parity Debt is not yet outstanding, the initial rate (if then established and binding), (B) if the Parity Debt has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (C)(1) if interest on such Parity Debt is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published "Bond Buyer 25 Bond Revenue Index" (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points;

(iii) if any of such Parity Debt is secured by an irrevocable letter of credit issued by a bank having a combined capital and surplus of at least one hundred million dollars ($100,000,000), the principal payments or deposits with respect to such Parity Debt nominally due in the last Fiscal Year in which such Parity Debt matures may, at the option of the Agency, be treated as if they were due as specified in any loan agreement or reimbursement agreement issued in connection with such letter of credit or pursuant to the repayment provisions of such letter of credit and interest on such Parity Debt after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan agreement or reimbursement agreement or repayment provisions;

(iv) if any of such Parity Debt is not secured by a letter of credit as described in clause (iii) and 20% or more of the original principal of such is not due until the final stated maturity of such Parity Debt, such principal may, at the option of the Parity Debt, be treated as if it were due based upon a level amortization of such principal over the term of such Parity Debt or twenty-five (25) years, whichever is greater;

(v) if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Parity Debt to which it relates, no amounts payable under such interest rate swap in excess of debt service payable under such Parity Debt agreement shall be included in the calculation of Debt Service unless the sum of (A) the interest payable on such Parity Debt, plus (B) the amounts payable by the Agency under such interest rate swap agreement, are greater than the interest payable on such Parity Debt, in which case the amount of such payments to be made that exceed the interest to be paid on such Parity Debt shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in clause (ii);

(vi) Repayment obligations proposed to be entered into as Parity Debt shall be deemed to be payable at the scheduled amount due under such repayment obligation as calculated under this definition, and as used in this paragraph, "repayment obligation" means the reimbursement obligation or any other payment obligation of the Agency under a written agreement between the Agency and a credit provider to reimburse the credit provider for amounts paid pursuant to a credit facility for the payment of the principal amount or purchase price of and/or interest on any Parity Debt.

SECTION 2.06. Agency's Payment of Project Costs. The Agency agrees to pay any and all costs connected with any project financed by the Loan and the Authority shall have no responsibility whatsoever for the payment of any such costs.

SECTION 2.07. Validity of Loan. The validity of the Loan shall not be dependent upon the completion of any project or upon the performance by any person of his or her obligation with respect to any project.

SECTION 2.08. Additional Payments. In addition to the Loan Payments required to be made by the Agency, the Agency shall also pay to the Trustee or to the Authority, as the case may be, the following (the "Additional Payments"):

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding any taxes based upon the capital and/or income of the Trustee or any other person other than the Agency; provided, however, that the Agency shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as the case may be, at the Agency's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Agency shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would materially adversely affect the rights or interests of the Authority or the Trustee;

(b) The reasonable annual (or other regular) fees and expenses of the Trustee, and all reasonable fees, charges, out-of-pocket costs, and expenses of the Trustee for any extraordinary services rendered by the Trustee under the Trust Agreement as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements or opinions or provide such other services as are reasonably required under this Agreement, the Trust Agreement or the Tax Certificate;

(d) Reasonable expenses of the Authority in connection with the loan to the Agency under this Agreement, the Bonds, the Trust Agreement or any other documents contemplated hereby or thereby, including without limitation reasonable expenses

incurred by the Authority's counsel in connection with any litigation which may at any time be instituted involving such loan or the Bonds, the Trust Agreement or any other documents contemplated hereby or thereby and reasonable expenses incurred by the Authority in supervision and inspection of the Agency and its operations with respect to the use and application of such loan;

(e) Such amounts as may be necessary to satisfy the rebate requirements in accordance with the Tax Certificate; and

(f) Amounts payable to the Bond Insurer under the Financial Guaranty Agreement to the extent not paid by the Authority from Loan Payments.

Such Additional Payments shall be billed to the Agency by the Authority or the Trustee from time to time, together with (i) a statement executed by a duly authorized officer or agent of the Authority or the Trustee, as the case may be, stating that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items and (ii) a copy of the invoice or statement for the amount so incurred or paid. Amounts so billed shall be paid by the Agency within thirty (30) days after receipt of the bill by the Agency. Payment by the Agency to either the Authority or the Trustee of the amount so billed by either such party shall fulfill such payment obligation of the Agency.

ARTICLE III

PLEDGE OF PLEDGED TAX REVENUES; APPLICATION OF FUNDS

SECTION 3.01. Pledge of Pledged Tax Revenues and Special Fund. The Loan and all Parity Debt shall be equally and ratably secured by a pledge of and first lien on all of the Pledged Tax Revenues and all amounts in the Special Fund, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Pledged Tax Revenues and all amounts in the Special Fund are hereby pledged in their entirety to the payments required by Section 2.02 hereof. The Pledged Tax Revenues and all amounts in the Special Fund shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency.

Neither the Loan nor this Loan Agreement is a debt of the Authority, the Community, the State or any of its political subdivisions (other than the Agency) and neither the Authority, the State nor any of its political subdivisions (other than the Agency) is liable thereon, nor in any event shall the Loan be payable out of any funds or properties other than Pledged Tax Revenues of the Agency and amounts in the Special Fund as provided herein. Neither the Loan nor this Loan Agreement constitutes an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Agency nor any persons executing this Loan Agreement are liable personally on the Loan or this Loan Agreement.

SECTION 3.02. Special Fund; Deposits. In order to carry out its obligation to repay the Loan, the Agency agrees and covenants that it shall establish a Special Fund. In each Fiscal Year, the Agency shall deposit in trust in the Special Fund an amount of Pledged Tax

Revenues equal to the Debt Service payable on March 1 of such Fiscal Year and September 1 of the next succeeding Fiscal Year. The Pledged Tax Revenues in each Fiscal Year shall not be applied to any other purpose until such time as such deposit has been fully made. The Special Fund is hereby pledged and a first security interest granted therein and all money on deposit in the Special Fund shall be applied and used only as provided herein. All money on deposit in the Special Fund shall be used to pay Debt Service. After making all the set asides and payments hereinabove required to be made in each Fiscal Year, the Agency may expend in such Fiscal Year any remaining money in the Special Fund for any lawful purpose of the Agency. The Agency agrees and covenants to maintain the Special Fund so long as the Loan remains unpaid.

SECTION 3.03. Commingling of Accounts. The Agency may commingle any amounts in any of the funds and accounts held hereunder with any other amounts held by the Agency for purposes of making any investment, provided that the Agency shall maintain separate accounting procedures for the investment of all funds held hereunder. The value of investments credited to such fund shall be calculated at the cost thereof (excluding accrued interest).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE AGENCY

SECTION 4.01. Organization; Authority. The Agency is duly organized and existing under the laws of the State and has all necessary power and authority to enter into and perform its duties (including the authority to pledge the Pledged Tax Revenues) under this Loan Agreement.

SECTION 4.02. Agreement Valid and Binding; Approval by Legislative Body of Community. This Loan Agreement has been duly authorized, executed and delivered by the Agency and constitutes the legal, valid and binding obligation of the Agency, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally. The legislative body of the Community has authorized the Agency to enter into this Loan Agreement and to accept the Loan hereunder.

SECTION 4.03. No Conflict in Execution of Agreement. The execution and delivery by the Agency of this Loan Agreement and compliance with the provisions hereof will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, by-law or any agreement to which the Agency is subject or by which it is bound or by which its properties may be affected.

SECTION 4.04. No Litigation. There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Agency to restrain or enjoin the execution or delivery of this Loan Agreement, or in any way contesting or affecting the validity of this Loan Agreement, or contesting the powers of the Agency to enter into or perform its obligations under this Loan Agreement, including the pledge of Pledged Tax Revenues or in any way contesting of affecting the establishment of the Project Area or the Redevelopment Plan.

SECTION 4.05. No Breach or Default. The Agency is not in breach of or in default under any applicable law or administrative regulation of the State or the United States, the Constitution of the State (including Article XVI, Section 18 thereof) any applicable judgment or decree, any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party or is otherwise subject which would have a material adverse impact on the Agency's ability to perform its obligations under this Loan Agreement and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

SECTION 4.06. No Consent, Approval or Permission Necessary. No consent or approval of any trustee or holder of any indebtedness of the Agency, and no consent, permission, authorization, order or licenses of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Loan Agreement or the consummation of any transaction contemplated herein, except as have been obtained or made and as are in full force and effect.

SECTION 4.07. Pledged Funds; Limited Obligation. The Agency expects that in each year Pledged Tax Revenues will equal or exceed the then current year's payments due under this Loan Agreement, and such payments will be treated as paid from then current Pledged Tax Revenues. The Agency shall have no obligation to use any funds other than the Pledged Tax Revenues and amounts in the Special Fund, directly or indirectly, to pay principal of or interest on the Loan and no funds other than the Pledged Tax Revenues and amounts in the Special Fund are pledged as security for the Loan.

SECTION 4.08. Information Submitted to the Authority. The information relating to the Agency, the Redevelopment Plan and the Project Area contained in the Official Statement for the Bonds is true and correct in all material respects, and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made.

SECTION 4.09. Financial Statements of the Agency. The Agency's financial statements furnished to the Authority and contained in the Official Statement for the Bonds have been prepared in conformity with generally accepted accounting principles and fairly present in all material respects the financial condition of the Agency as of the date thereof and the results of its operations for the period covered thereby. There has been no material adverse change in the business, condition (financial or otherwise) or operations of the Agency since the date of such financial statements.

SECTION 4.10. Pledge and First Lien. The pledge of the Pledged Tax Revenues and amounts in the Special Fund constitute a valid pledge of and a first lien on all of the Pledged Tax Revenues and amounts in the Special Fund to secure this Loan and all Parity Debt.

SECTION 4.11. Establishment of Project Area. The Project Area has been duly established pursuant to the Redevelopment Plan and the Redevelopment Plan is in full force and effect and the Agency is in compliance with the Redevelopment Plan and the Law.

ARTICLE V

AFFIRMATIVE COVENANTS OF THE AGENCY

SECTION 5.01. Punctual Payment. The Agency will punctually pay, or cause to be paid, all payments required hereunder in strict conformity with the terms of this Loan Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Loan Agreement.

SECTION 5.02. Payment of Claims. The Agency from time to time will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies, which, if unpaid, might become liens or charges upon the Pledged Tax Revenues or any part thereof, or upon any funds in the hands of the Authority, or which might impair the security of the Loan. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

SECTION 5.03. Books and Accounts; Financial Statements. (a) The Agency will keep proper books of record and accounts, separate from all other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the tax increment revenues from the Project Area (which may be consolidated with other project areas or activities of the Agency). Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee, the Authority and the Bond Insurer.

(b) The Agency will prepare and file with the Authority annually as soon as practicable, but in any event not later than two hundred ten (210) days after the close of each Fiscal Year, so long as this Loan Agreement has not been discharged by the Authority, an audited financial statement of the Agency relating to the Project Area (which may be consolidated with other project areas or activities of the Agency) for the preceding Fiscal Year, prepared by an Independent Certified Accountant. The Agency will furnish to the Authority, the Trustee and the Bond Insurer a copy of such audited financial statements as may be required by the Authority for distribution (at the expense of the Agency).

SECTION 5.04. Protection of Security and Rights. The Agency will preserve and protect the security of the Loan and the rights of the Authority. From and after the date hereof, the Loan Agreement shall be incontestable by the Agency.

SECTION 5.05. Management of Properties. The Agency will manage and operate all properties owned by the Agency and comprising any part of the Project Area in a sound and business-like manner and in conformity with all valid requirements of any governmental authority relative to the Project Area or any part thereof, and will keep such properties insured at all times in conformity with sound business practice.

SECTION 5.06. Tax Covenants. (a) The Agency shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Series 2003A Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Agency covenants that it shall comply with the requirements of the Tax Certificate, which is incorporated

herein as if fully set forth herein. This covenant shall survive the payment in full or the defeasance of the Series 2003A Bonds.

(b) In the event that at any time the Agency is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Agency shall so instruct the Authority and the Trustee in a Request of the Agency accompanied by an Opinion of Counsel.

(c) Notwithstanding any provisions of this Section, if the Agency provides to the Trustee and the Authority an Opinion of Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2003A Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 5.07. Taxation of Leased Property. Whenever any property in the Project Area is redeveloped by the Agency and thereafter is leased by the Agency to any person or persons, or whenever the Agency leases any real property in the Project Area to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately-owned property (in accordance with the Law), and the lease or contract shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease shall be less than the taxes that would have been payable upon the entire property if the property were assessed and taxed in the same manner as privately-owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for such year become payable, and in any event prior to the delinquency date of such taxes established by law; provided, that this Section 5.07 shall not apply to the property known as Contra Costa County Assessor's Parcel Nos. 560-270-056 (Ford Building).

SECTION 5.08. Assumption of Loan Agreement. The obligations of the Agency under this Loan Agreement may not be assumed by another entity except in connection with a transfer of the entire Project Area by the Agency and only upon prior written approval of the Authority and the Bond Insurer and:

(i) an opinion of counsel experienced in matters relating to the tax-exempt status of interest on any obligations secured by this Loan Agreement, and approved by the Authority, to the effect that such transfer would not cause interest on the obligations to be included in gross income for federal income tax purposes;

(ii) a Report signed by an Independent Consultant concluding that such transfer would not materially adversely affect the security for the Loan or the rights of the Authority; and

(iii) evidence sufficient to the Authority that the entity assuming the Loan is eligible pursuant to the Act and the Law.

SECTION 5.09. Payment from Tax-Exempt Debt. The Agency hereby covenants to notify the Authority, the Trustee, and the Bond Insurer before making any repayment or prepayment of this Loan Agreement from the proceeds of any tax-exempt debt incurred by the Agency.

SECTION 5.10. Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably required by the Authority as necessary or proper to carry out the intention or to facilitate the performance of this Loan Agreement and for the better assuring and confirming unto the Authority of the rights and benefits provided in this Loan Agreement.

SECTION 5.11. Continuing Disclosure. The Agency covenants to furnish certain financial and operating data pertaining to the Agency that it may be required to enable the underwriter of the Bonds to comply with Rule 15c2-12(b)(5) of the Securities and Exchange Agency, as the same may be amended.

SECTION 5.12. Notice of Default and Event of Default. The Agency covenants that it will deliver to the Authority, the Trustee and the Bond Insurer, immediately after the Agency shall have obtained knowledge of the occurrence of an Event of Default or default hereunder, the written statement of an authorized officer of the Agency setting forth the details of such Event of Default or default and the action which the Agency proposes to take with respect thereto.

SECTION 5.13. Statements of Indebtedness. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Pledged Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County.

SECTION 5.14. Cumulative Tax Revenue Limit. The Agency covenants that it will not accept Pledged Tax Revenues greater than Debt Service, in any year, if such acceptance will cause the amount remaining under any then-applicable tax increment limit in the Redevelopment Plan to fall below remaining cumulative Debt Service, except for the purpose of depositing such revenues in escrow for the payment of this Loan and interest on and principal of and redemption premiums, if any, on Parity Debt.

ARTICLE VI

NEGATIVE COVENANTS OF THE AGENCY

SECTION 6.01. Limitation on Additional Debt. (a) The Agency hereby covenants that, until the Loan has been paid and discharged pursuant to Section 8.05, the Agency shall not after the date of this Loan Agreement issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any loans, advances or indebtedness, which are in any case secured by a lien on all or any part of the Pledged Tax Revenues that is superior to or on a parity with the lien established hereunder for the security of the Loan, excepting only Parity Debt and bonds under the Senior Harbour Indenture as permitted pursuant to subsection (b) of this Section 6.01.

Nothing herein is intended nor shall be construed in any way to prohibit or impose any limitations upon the issuance or incurrence by the Agency of Subordinate Debt or of loans, bonds, notes, advances or other indebtedness that is not secured by tax increment revenues of the Project Area.

(b) Notwithstanding any other provision hereof or of the Senior Harbour Indenture, the Agency covenants that it will not issue any additional bonds under the Senior Harbour Indenture unless the Agency files with the Trustee a report of an Independent Consultant to the showing that, after giving effect to the issuance of such additional bonds, the Agency would be in compliance with the requirements of Section 2.05 with respect to the Loan and any Parity Debt as if the Loan and any such Parity Debt were issued simultaneously with the issuance of such additional bonds.

SECTION 6.02. Disposition of Property. The Agency will not, except as otherwise provided in this Section 6.02, authorize the disposition of any real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except for public ownership or use contemplated by the Redevelopment Plan in effect on the date of adoption of this Loan Agreement, or property to be used for public streets or public off-street parking facilities or easements or rights of way for public utilities, or other similar uses) if such dispositions, together with all similar prior dispositions on or subsequent to the effective date of this Loan Agreement, shall comprise more than ten per cent (10%) of the land area in the Project Area. If the Agency proposes to make any such disposition which, together with all similar dispositions on or subsequent to the effective date of this Loan Agreement, shall comprise more than ten per cent (10%) of the land area in the Project Area, it shall cause to be filed with the Authority and the Bond Insurer a Report of an Independent Consultant on the effect of such proposed disposition. If the Report concludes that the Pledged Tax Revenues will not be materially reduced by such proposed disposition, the Agency may proceed with such proposed disposition with the consent of the Bond Insurer. If the Report concludes that Pledged Tax Revenues will be materially reduced by such proposed disposition, the Agency shall as a condition precedent to proceeding with such proposed disposition, require that such new owner or owners either:

(1) deposit in the Special Fund, so long as this Loan remains unpaid, an amount equal to the amount that would have been received by the Agency as Pledged Tax Revenues if such property were assessed and taxed in the same manner as privately-owned non-exempt property, which payment shall be made within thirty (30) days after taxes for each year would become payable to the taxing agencies for non-exempt property and in any event prior to the delinquency date of such taxes established by law; or

(2) deposit to the Special Fund a single sum equal to the amount estimated by an Independent Consultant to be receivable from taxes on such property from the date of such payment to the final maturity of this Loan, less expected earnings on such amount calculated at 5% per annum.

SECTION 6.03. Nondiscrimination. During the performance of this Loan Agreement, Agency, any contractor and its subcontractors shall not deny the contracts' benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age or sex. The Agency, any contractor and its subcontractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

SECTION 6.04. Amendment of Redevelopment Plan. The Agency will not amend the Redevelopment Plan except as provided in this Section. If the Agency proposes to amend the Redevelopment Plan, it shall cause to be filed with both the Authority and the Bond Insurer a Report of an Independent Consultant on the effect of such proposed amendment. If the Report concludes that Pledged Tax Revenues will not be materially reduced by such proposed amendment, the Agency may undertake such amendment. If the Report concludes that Pledged Tax Revenues will be materially reduced by such proposed amendment, the Agency may not undertake such proposed amendment without the prior written consents of the Authority and the Bond Insurer. Any such amendments consented to by the Bond Insurer must be sent to the Rating Agency. For purposes of this Section, a valuation of Pledged Tax revenues in excess of 5% shall be deemed material.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. Events of Default and Acceleration of Loan. The following events shall constitute Events of Default hereunder:

(a) failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the Loan pursuant to Section 2.02 when and as the same shall become due and payable;

(b) the occurrence of an event of default with respect to any Parity Debt which causes all principal of such Parity Debt to become due and payable immediately;

(c) failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in this Loan Agreement, other than as referred to in the preceding Subsection (a), for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the Agency by the Authority, or to the Agency and the Authority; provided, however, that if the failure stated in such notice can be corrected, but not within such 60-day period, the Authority may consent to an extension of such time if corrective action is instituted by the Agency within such 60-day period and diligently pursued until such failure is corrected;

(d) the filing by the Agency of a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the Federal bankruptcy laws or any

other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property; or

(e) any representation or other written statement made by the Agency contained in this Loan Agreement or in any instrument furnished in compliance with or in reference thereto shall prove to have been incorrect in any material respect.

If an Event of Default has occurred and is continuing, the Authority may, with the consent of the Bond Insurer, (1) declare the principal of the Loan, together with the accrued interest on all unpaid installments thereof, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Loan Agreement to the contrary notwithstanding, and (2) exercise any other remedies available to the Authority in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the Authority shall give notice of such Event of Default to the Agency by telephone, telecopier, facsimile or other telecommunication device, promptly confirmed in writing sent by U.S. mail. This provision, however, is subject to the condition that if, at any time after the principal of the Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Authority a sum sufficient to pay all installments of principal of the Loan matured prior to such declaration and all accrued interest thereon, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Loan, and the reasonable expenses of the Authority (including but not limited to attorneys fees), and any and all other defaults known to the Authority (other than in the payment of principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then, and in every such case, the Authority may with the consent of the Bond Insurer, or shall upon the direction of the Bond Insurer, by written notice to the Agency, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.02. Remedies. Upon the occurrence of an Event of Default the Authority shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Agency or any member, officer or employee thereof, and to compel the Agency or any such member, officer or employee to perform and carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

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

(c) by suit in equity upon the happening of an Event of Default to require the Agency and its members, officers and employees to account as the trustee of an express trust.

SECTION 7.03. Application of Funds upon Default. All amounts received by the Authority pursuant to any right given or action taken by the Authority under provisions of this Loan Agreement, or otherwise held by the Authority upon the occurrence of an Event of Default, shall be applied by the Authority in the following order:

First, to the payment of the costs and expenses of the Authority, including reasonable compensation to their agents, attorneys and counsel; and

Second, to the payment of the whole amount of interest on and principal of the Loan and any Parity Debt then due and unpaid, with interest on overdue installments of principal and interest at the rate of the lesser of 12% per annum or the maximum rate permitted by law; provided, however, that in the event such amounts shall be insufficient to pay in full the amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Loan and any Parity Debt then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full;

(b) second, to the payment of principal of all installments of the Loan and any Parity Debt then due and unpaid, other than principal having come due and payable solely by reason of acceleration pursuant to Section 7.01 on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full;

(c) third, to the payment of principal of the Loan and any Parity Debt then due and unpaid and having come due and payable solely by reason of acceleration pursuant to Section 7.01 or otherwise, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full; and

(d) fourth, to the payment of interest on overdue installments of principal and interest on the Loan and any Parity Debt, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

SECTION 7.04. No Waiver. Nothing in this Article VII or in any other provision of this Loan Agreement shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged hereunder, all payments due hereunder, or affect or impair the rights of action, which are also absolute and unconditional, of the Authority and the Bond Insurer to institute suit to enforce such payment by virtue of the contract embodied in this Loan Agreement.

A waiver of any default by the Authority or the Bond Insurer shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Authority or the Bond Insurer to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Authority and the Bond Insurer by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority and the Bond Insurer.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Authority, the Agency and the Authority shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 7.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Venue. The Authority and the Agency hereby agree that any action arising out of this Loan Agreement shall be filed and maintained in the Superior Court in and for the County of Contra Costa, California, or in the United States District Court in and for the Northern District of California.

SECTION 8.02. Assignment. This Loan Agreement will be assigned by the Authority to the Trustee pursuant to the Trust Agreement and the Agency hereby consents to such assignment. The Agency further agrees to include the Trustee in the Section 8.12 indemnity provision to the same extent as provided to the Authority.

SECTION 8.03. Benefits Limited to Parties. Nothing in this Loan Agreement, expressed or implied, is intended to give to any person other than the Agency, the Authority, and the Bond Insurer any right, remedy or claim under or by reason of this Loan Agreement. All covenants, stipulations, promises or agreements contained in this Loan Agreement by and on behalf of the Agency shall be for the sole and exclusive benefit of the Authority and the Bond Insurer.

SECTION 8.04. Successor. Whenever in this Loan Agreement either the Agency or the Authority is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Loan Agreement contained by or on behalf of the Agency or the Authority shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 8.05. Discharge of Loan Agreement. If the Agency shall pay and discharge the entire indebtedness under this Loan Agreement by paying or causing to be paid the principal of, interest and prepayment premium (if any) and expenses on the Loan, as and when the same become due and payable; then, at the election of the Agency, but only if all other amounts then due and payable hereunder shall have been paid or provision for their payment made, the pledge of and lien upon the Pledged Tax Revenues and other funds provided for in this Loan Agreement and all other obligations of the Authority and the Agency under this Loan Agreement with respect to the Loan shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Authority, from the amounts so deposited with the

Authority or such other fiduciary, all sums due with respect to this Loan Agreement and all expenses and costs of the Authority. Notice of such election shall be filed with the Authority and the Bond Insurer.

Any funds thereafter held by the Authority hereunder, which are not required for said purposes, shall be paid over to the Agency.

All or any portion of unpaid principal installments of the Loan payment shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in this Section (except that the Agency shall remain liable for such Loan payment, but only out of such money or securities deposited with the Authority for such payment), if (i) there shall have been deposited with the Authority either money in an amount which shall be sufficient, or Defeasance Securities (as defined in the Trust Agreement) which are not subject to redemption prior to maturity except by the holder thereof (including any such securities issued or held in book entry form), the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Authority, shall be sufficient to pay when due the principal installments of such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto, and (ii) an opinion of nationally recognized bond counsel acceptable to the Authority is filed with the Authority to the effect that the action taken pursuant to this subsection will not cause the interest on the Bonds to be includable in gross income under the Code for federal income tax purposes.

SECTION 8.06. Amendment. This Loan Agreement may only be amended by the parties in writing, subject to the provisions of Article VII of the Trust Agreement.

SECTION 8.07. Waiver of Personal Liability. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or the interest under this Loan Agreement; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 8.08. Payment on Business Days. Whenever in this Loan Agreement any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day and no further interest shall accrue.

SECTION 8.09. Notices. All written notices to be given under this Loan Agreement shall be given by first-class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time, except that notices from the Agency to the Authority shall be given by registered mail, or by telecommunication confirmed in writing. Notice shall be effective 48 hours after deposit in the United States mail, postage prepaid or, in the case of any notice to the Authority or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the Authority:	Richmond Joint Powers Financing Authority c/o Director of Finance City of Richmond 2600 Barrett Ave. Richmond, CA 94804
If to the Agency:	Treasurer Richmond Redevelopment Agency City of Richmond 2600 Barrett Ave. Richmond, CA 94804
If to the Bond Insurer:	MBIA Insurance Corporation 113 King Street Armonk, NY 10504

SECTION 8.10. Partial Invalidity. If any portion of this Loan Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity and enforceability of the remaining portions of this Loan Agreement.

SECTION 8.11. Governing Law. This Loan Agreement shall be construed and governed in accordance with the laws of the State.

SECTION 8.12. Indemnification. The Agency shall, to the extent permitted by law, indemnify and hold harmless the Authority, the Trustee and their members, directors, officers, employees and agents, from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever, including, but not limited to, losses, claims, damages, liabilities or expenses arising out of, resulting from or in any way connected with (1) this Loan Agreement, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of any project financed by the Loan or any part thereof; (2) the carrying out of any of the transactions contemplated by this Loan Agreement or any related document; (3) information provided by the Agency which is used in the offering for sale of the Bonds; or (4) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance on or near, the projects financed by the Loan. The Agency shall, to the extent permitted by law, pay or reimburse the Authority and its members, directors, officers, employees and agents for the Agency's pro rata share of any and all reasonable costs, reasonable attorneys' fees, liabilities or expenses incurred in connection with investigating, defending against or otherwise in connection with any such losses, claims, damages, liabilities, expenses or actions. Notwithstanding anything to the contrary in this Loan Agreement, the Authority shall not be entitled to payment, reimbursement or indemnification with respect to actions involving willful misconduct, default or gross negligence on the part of the Authority.

The provisions of this Section 8.12 shall survive the discharge of the Agency's obligations hereunder and shall apply to any trustee or other assignee covered in Section 8.02.

SECTION 8.13. Bond Insurer as Third Party Beneficiary To the extent that this Loan Agreement confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of this Loan Agreement, the Bond Insurer is explicitly recognized as being a third-party beneficiary hereunder and may enforce any such rights, remedy or claim conferred, given or granted thereunder.

SECTION 8.14. Effective Date. This Loan Agreement shall become effective upon the issuance of the Bonds.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be signed by the respective officers, all as of the day and year first above written.

RICHMOND REDEVELOPMENT AGENCY

By: _____
Redevelopment Director

RICHMOND JOINT POWERS FINANCING AUTHORITY

By: _____
Treasurer/Auditor

STATE OF CALIFORNIA

Phil Angelides
State Treasurer and Chair

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
915 CAPITOL MALL, ROOM 400
P.O. BOX 942809
SACRAMENTO, CA 94209-0001
TELEPHONE: (916) 653-3269
FAX: (916) 654-7440

Lisa M. Harris
Executive Director

June 25, 2003

TO: Laura A Oki
Orrick Herrington & Sutcliffe
777 S Figueroa St Ste 3200
Los Angeles, CA 90017

FROM: Lisa M. Harris, Executive Director

RE: ACKNOWLEDGEMENT OF REPORT OF PROPOSED DEBT ISSUANCE

Section 8855(g) of the California Government Code requires written notice to be given to the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the proposed sale of any public agency debt issue.

The Commission acknowledges your written notice of the following proposed debt issuance:

CDIAC Nbr:	2003-1282
Issuer:	Richmond Joint Powers Financing Authority
Project:	Series A
Proposed Amount:	$15,615,000.00
Proposed Sale Date:	July 18, 2003
Date Notice Received:	June 23, 2003

Please submit the **Report of Final Sale** and the Official Statement (or offering circular) on this issue within 45 days of sale date. Any questions regarding reporting requirements may be directed to the CDIAC staff at (916) 653-3269.

Cc: Anna Vega
Director of Finance

REPORT OF PROPOSED DEBT ISSUANCE

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
Tel.: (916) 653-3269 FAX: (916) 654-7440

For Office Use Only

CDIAC NO.: _____

RECEIVED
03 JUN 23 PM 3:18
CALIFORNIA DEBT
ADVISORY COMMISSION

Completion and timely submittal of this form to the California Debt and Investment Advisory Commission (CDIAC) at the above address will assure your compliance with existing California State law and will assist in the maintenance of a complete database of public debt in California. Thank you for your cooperation.[1]

ISSUER NAME: Richmond Joint Powers Financing Authority

ISSUE NAME: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)

Please specify type/name of project: Series 2003A TABs

PROPOSED SALE DATE: July 18, 2003 **PRINCIPAL TO BE SOLD:** $15,615,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?[2]

☒ No ☐ Yes, proposed amount for refunding $_____

Issuer Contact:

Name: Anna Vega

Title: Director of Finance Department

Address: City of Richmond, Finance Department, P.O. Box 4046, 2600 Barnett Avenue, Richmond, California 94804

Phone: (510) 620-6946 Issuer Located In Contra Costa County

Filing Contact:: Name of Individual (representing: ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:

Name: Laura A. Oki, Project Manager for Patricia Wang, Esq.

Firm/Agency: Orrick, Herrington & Sutcliffe LLP

Address: 777 South Figueroa Street, Suite 3200, Los Angeles, California 90017

Phone: (213) 612-2131 E-mail: loki@orrick.com

Send acknowledgement/copies to: Laura Oki

FINANCING PARTICIPANTS:

BOND COUNSEL: Orrick, Herrington & Sutcliffe LLP

FINANCIAL ADVISOR: _____

UNDERWRITER\PURCHASER: RBC Dain Rauscher Inc.

IS THE INTEREST ON THE DEBT TAXABLE?

Under State law: ☒ NO (tax-exempt) ☐ YES (taxable)

Under Federal law: ☒ NO (tax-exempt) ☐ YES (taxable)

If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?

☐ Yes, preference item ☒ No, not a preference item

TYPE OF SALE: ☐ **Competitive** ☒ **Negotiated**

---

1 Section 8855(g) of the California Government Code requires the issuer of any proposed new public debt issue to give written notice of the proposed sale to the CDIAC no later than 30 days prior to the sale. Under California Government Code Section 8855(i), "The issuer of any new public debt issue shall, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, submit a report of final sale and official statement to the commission. The Commission may require information to be submitted in the report of final sale that is considered appropriate."

2 Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDIAC explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated basis instead of at public sale.

TYPE OF DEBT INSTRUMENT

NOTE

- ☐ Bond anticipation (BAN)
- ☐ Grant obligation (GAN)
- ☐ Other note (Please specify below.) (OTHN)
- ☐ Revenue anticipation (RAN)
- ☐ Tax allocation (TALN)
- ☐ Tax and revenue anticipation (TRAN)
- ☐ Tax anticipation (TAN)
- ☐ Commercial paper (CP)
- ☐ Certificates of participation/leases (COPL)
- ☐ Other (Please specify below.) (OTH)

BOND

- ☐ Conduit revenue (Private obligor) (CRB)
- ☐ General obligation (GOB)
- ☐ Limited tax obligation (LTOB)
- ☐ Other bond (Please specify below.) (OTHB)
- ☐ Public lease revenue (PLRB)
- ☐ Revenue (Pool) (RB)
- ☐ Revenue (Public enterprise) (PERB)
- ☐ Sales tax revenue (STRB)
- ☐ Special assessment (SAB)
- ☒ Tax allocation (TAB)

Please specify if "Other note/Other bond/Other" was checked: _____

SOURCE(S) OF REPAYMENT

- ☐ Bond proceeds (BDPR)
- ☐ General fund of issuing jurisdiction (GNFD)
- ☐ Grants (GRNT)
- ☐ Intergovernmental transfers other than grants (ITGV)
- ☐ Local obligations (LOB)
- ☐ Private obligor payments (POP)
- ☐ Other (Please specify.) (OTHS): _____
- ☐ Property tax revenues (PRTX)
- ☐ Public enterprise revenues (PER)
- ☐ Sales tax revenues (SATR)
- ☐ Special assessments (SA)
- ☐ Special tax revenues (SPTR)
- ☒ Tax-increment (TI)

PURPOSE(S) OF FINANCING

- ☐ Cash flow, interim financing (CFIF)
- ☐ Project, interim financing (PIF)
- ☐ College/university housing (CUH)
- ☐ Multifamily housing (MFH)[3]
- ☐ Single-family housing (SFH)[3]
- ☐ Health care facilities (HCF)
- ☐ Hospital (HOSP)
- ☐ Other/multiple health care purposes (equipment; etc.)(OMHC)
- ☐ College/university facility (CUF)
- ☐ K-12 school facility (KSCH)
- ☐ Other/multiple education uses (equipment, etc.)(OMED)
- ☐ Student loans (SLC)
- ☒ Redevelopment, multiple uses (RD)
- ☐ Commercial development (CMDV)
- ☐ Industrial development (INDV)
- ☐ Pollution control (PC)
- ☐ Airport (APRT)
- ☐ Bridges and highways (BRHI)
- ☐ Convention center (CCTR)
- ☐ Equipment (EQUP)
- ☐ Flood control/storm drainage (FLDS)
- ☐ Multiple capital improvements and public works (MCAP)
- ☐ Other capital improvements and public works (OCAP)
- ☐ Parking (PRKG)
- ☐ Parks/open space (PRKO)
- ☐ Ports and marinas (PRTS)
- ☐ Power generation/transmission (PWR)
- ☐ Prisons/jails/correctional facilities (PRSN)
- ☐ Public building (PB)
- ☐ Public transit (PTR)
- ☐ Recreation and sports facilities (RCSP)
- ☐ Seismic safety improvements/repair (SSI)
- ☐ Solid waste recovery facilities (SWST)
- ☐ Street construction and improvements (SCI)
- ☐ Wastewater collection and treatment (WSTW)
- ☐ Water supply/storage/distribution (WTR)
- ☐ Insurance/pension funds (IPF)
- ☐ Other than listed above (OTH)s

Please Specify type/name of project if different from above: Series 2003A TABs

[3] *Certain local government issuers of housing bonds are required to obtain a certification from the State Treasurer attesting to their compliance with the State housing reporting requirements prior to issuance of the bonds to finance single- or multifamily housing.*

STATE OF CALIFORNIA

Phil Angelides
State Treasurer and Chair

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
915 CAPITOL MALL, ROOM 400
P.O. BOX 942809
SACRAMENTO, CA 94209-0001
TELEPHONE: (916) 653-3269
FAX: (916) 654-7440

Lisa M. Harris
Executive Director

June 25, 2003

TO: Laura A Oki
Orrick Herrington & Sutcliffe
777 S Figueroa St Ste 3200
Los Angeles, CA 90017

FROM: Lisa M. Harris, Executive Director

RE: ACKNOWLEDGEMENT OF REPORT OF PROPOSED DEBT ISSUANCE

Section 8855(g) of the California Government Code requires written notice to be given to the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the proposed sale of any public agency debt issue.

The Commission acknowledges your written notice of the following proposed debt issuance:

CDIAC Nbr:	2003-1283
Issuer:	Richmond Joint Powers Financing Authority
Project:	Series B
Proposed Amount:	$12,190,000.00
Proposed Sale Date:	July 18, 2003
Date Notice Received:	June 23, 2003

Please submit the **Report of Final Sale** and the Official Statement (or offering circular) on this issue within 45 days of sale date. Any questions regarding reporting requirements may be directed to the CDIAC staff at (916) 653-3269.

Cc: Anna Vega
Director of Finance

REPORT OF PROPOSED DEBT ISSUANCE

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
Tel.: (916) 653-3269 FAX: (916) 654-7440

For Office Use Only
CDIAC NO.: ____

RECEIVED
03 JUN 23 PM 3:18
CALIFORNIA DEBT
ADVISORY COMMISSION

Completion and timely submittal of this form to the California Debt and Investment Advisory Commission (CDIAC) at the above address will assure your compliance with existing California State law and will assist in the maintenance of a complete database of public debt in California. Thank you for your cooperation.[1]

ISSUER NAME: Richmond Joint Powers Financing Authority

ISSUE NAME: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable)

Please specify type/name of project: Series 2003B TABs

PROPOSED SALE DATE: July 18, 2003 **PRINCIPAL TO BE SOLD:** $12,190,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?[2]

☒ No ☐ Yes, proposed amount for refunding $_____

Issuer Contact:

Name: Anna Vega

Title: Assistant City Manager

Address: City of Richmond, Finance Department, P.O. Box 4046, 2600 Barnett Avenue, Richmond, California 94804

Phone: (510) 620-6760 Issuer Located In Contra Costa County

Filing Contact: Name of Individual (representing: ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:

Name: Laura A. Oki, Project Manager for Patricia Wang, Esq.

Firm/Agency: Orrick, Herrington & Sutcliffe LLP

Address: 777 South Figueroa Street, Suite 3200, Los Angeles, California 90017

Phone: (213) 612-2131 E-mail: loki@orrick.com

Send acknowledgement/copies to: Laura Oki

FINANCING PARTICIPANTS:

BOND COUNSEL: Orrick, Herrington & Sutcliffe LLP

FINANCIAL ADVISOR: _____

UNDERWRITER\PURCHASER: RBC Dain Rauscher Inc.

IS THE INTEREST ON THE DEBT TAXABLE?

Under State law:	☒ NO (tax-exempt)	☐ YES (taxable)
Under Federal law:	☐ NO (tax-exempt)	☒ YES (taxable)

If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?

☐ Yes, preference item ☒ No, not a preference item

TYPE OF SALE: ☐ **Competitive** ☒ **Negotiated**

---

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- ☐ Tax anticipation (TAN)
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- ☐ Certificates of participation/leases (COPL)
- ☐ Other (Please specify below.) (OTH)

BOND

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- ☐ General obligation (GOB)
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- ☐ Revenue (Public enterprise) (PERB)
- ☐ Sales tax revenue (STRB)
- ☐ Special assessment (SAB)
- ☒ Tax allocation (TAB)

Please specify if "Other note/Other bond/Other" was checked: _____

SOURCE(S) OF REPAYMENT

- ☐ Bond proceeds (BDPR)
- ☐ General fund of issuing jurisdiction (GNFD)
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- ☐ Hospital (HOSP)
- ☐ Other/multiple health care purposes (equipment; etc.)(OMHC)
- ☐ College/university facility (CUF)
- ☐ K-12 school facility (KSCH)
- ☐ Other/multiple education uses (equipment, etc.)(OMED)
- ☐ Student loans (SLC)
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- ☐ Commercial development (CMDV)
- ☐ Industrial development (INDV)
- ☐ Pollution control (PC)
- ☐ Airport (APRT)
- ☐ Bridges and highways (BRHI)
- ☐ Convention center (CCTR)
- ☐ Equipment (EQUP)
- ☐ Flood control/storm drainage (FLDS)
- ☐ Multiple capital improvements and public works (MCAP)
- ☐ Other capital improvements and public works (OCAP)
- ☐ Parking (PRKG)
- ☐ Parks/open space (PRKO)
- ☐ Ports and marinas (PRTS)
- ☐ Power generation/transmission (PWR)
- ☐ Prisons/jails/correctional facilities (PRSN)
- ☐ Public building (PB)
- ☐ Public transit (PTR)
- ☐ Recreation and sports facilities (RCSP)
- ☐ Seismic safety improvements/repair (SSI)
- ☐ Solid waste recovery facilities (SWST)
- ☐ Street construction and improvements (SCI)
- ☐ Wastewater collection and treatment (WSTW)
- ☐ Water supply/storage/distribution (WTR)
- ☐ Insurance/pension funds (IPF)
- ☐ Other than listed above (OTH)s

Please Specify type/name of project if different from above: Series 2003B TABs

[3] *Certain local government issuers of housing bonds are required to obtain a certification from the State Treasurer attesting to their compliance with the State housing reporting requirements prior to issuance of the bonds to finance single- or multifamily housing.*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 1, 2003

NEW ISSUE—BOOK ENTRY ONLY

Ratings: S&P: AAA (Insured)
A- (Underlying)
See "RATINGS" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series A 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 Series A 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. Interest on the Series B Bonds is not excluded from gross income for federal income tax purposes but, in the opinion of Bond Counsel, is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

RICHMOND JOINT POWERS FINANCING AUTHORITY

$15,585,000*
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)

$12,385,000*
Tax Allocation Revenue Bonds
Series 2003B (Taxable)

Dated: Date of Delivery

Due: September 1, as shown on the inside front cover

This cover page contains information for quick reference only. It is not intended to be a summary of all factors relevant to an investment in the Bonds. Investors should read the entire Official Statement before making any investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

The Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series A Bonds") and the Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") of the Richmond Joint Powers Financing Authority (the "Authority") are being issued in accordance with a Trust Agreement, dated as of August 1, 2003 (the "Trust Agreement"), by and between the Authority and Union Bank of California, N.A., San Francisco, California, as trustee (the "Trustee"). The Bonds are being issued on a parity with the 2000A Guaranty Payments (as defined herein) and any parity debt issued under the Loan Agreement. The proceeds of the Series A Bonds will be used to (i) finance certain capital improvements for the Richmond Redevelopment Agency (the "Agency"), (ii) fund the reserve account for the Series A Bonds, (iii) fund capitalized interest, (iv) pay the amount of $13,000,000 to the City of Richmond (the "City") in partial payment of the City Note (as defined herein) and (v) pay certain costs related to the issuance of the Series A Bonds. The proceeds of the Series B Bonds will be used to (i) finance certain capital improvements for the Agency, (ii) fund the reserve account for the Series B Bonds, (iii) fund capitalized interest, (iv) pay the amount of $5,000,000 to the City in partial payment of the City Note (as defined herein) and (v) pay certain costs related to the issuance of the Series B Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Bonds will be issued as fully registered Bonds and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, as more fully described in APPENDIX C. Individual purchases of interests in the Bonds will be made in book-entry form in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2004.

The Bonds are subject to redemption prior to their respective maturities under certain conditions, as described herein. See "THE BONDS — Redemption" herein.

The Bonds are limited obligations of the Authority and are payable from, and will be secured by, certain amounts payable by the Agency to the Authority pursuant to a Loan Agreement by and between the Authority and the Agency, dated as of August 1, 2003 (the "Loan Agreement") and certain amounts on deposit in the funds and accounts held under the Trust Agreement. The Agency's obligations under the Loan Agreement (the "Loan") are secured by a pledge of certain tax increment revenues derived from taxable property within certain redevelopment project areas identified in the Loan Agreement as the "Project Area". See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Pledge and Allocation of Tax Revenues." Certain tax increment revenues derived from the Harbour Project Area, located within the Project Area, are subject to a lien prior and senior to the lien of the Loan Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Senior Obligations to the Loan Agreement."

The scheduled payment of principal of and interest on each series of Bonds when due will be insured by separate financial guaranty insurance policies to be issued simultaneously with the delivery of each series of Bonds by MBIA Insurance Corporation as described herein. See "FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS" herein.

MBIA

NEITHER THE BONDS NOR THE OBLIGATIONS OF THE AGENCY UNDER THE LOAN AGREEMENT ARE A DEBT OF THE STATE OF CALIFORNIA, THE CITY OF RICHMOND OR ANY OF THEIR POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY AND THE AGENCY, RESPECTIVELY), AND NEITHER THE STATE OF CALIFORNIA, THE CITY OF RICHMOND NOR ANY OF THEIR POLITICAL SUBDIVISIONS ARE LIABLE THEREFOR. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE FROM AND SECURED BY A PLEDGE OF AMOUNTS PAYABLE BY THE AGENCY TO THE AUTHORITY UNDER THE LOAN AGREEMENT. THE OBLIGATIONS OF THE AGENCY UNDER THE LOAN AGREEMENT ARE LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE ONLY OUT OF CERTAIN FUNDS OF THE AGENCY AS SET FORTH IN THE LOAN AGREEMENT. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AUTHORITY NOR THE AGENCY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY FOR THE BONDS BY REASON OF THEIR ISSUANCE.

The Maturity Schedule appears on the inside front cover.

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond and Disclosure Counsel, and to certain other conditions. Certain matters in connection with this offering are subject to the approval of the legality thereof by Wayne Nishioka, Acting City Attorney of the City of Richmond, as counsel for the Authority, the City and the Agency. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York on or about August , 2003.

RBC DAIN RAUSCHER

Dated: August , 2003.

* Preliminary, subject to change.

MATURITY SCHEDULE

$15,585,000*
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2003A (Tax-Exempt)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Maturity (September 1)	Principal Amount	Interest Rate	Yield
	$	%	%		$	%	%

$ % Series A Term Bonds due September 1, 20 , Price %

$12,385,000*
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2003B (Taxable)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Maturity (September 1)	Principal Amount	Interest Rate	Yield
	$	%	%		$	%	%

$ % Series B Term Bonds due September 1, 20 , Price %

* Preliminary, subject to change.

RICHMOND JOINT POWERS FINANCING AUTHORITY

RICHMOND REDEVELOPMENT AGENCY

Authority Board, Agency Board and City Council

Irma L. Anderson, President, Chair, *Mayor*
Mindell Lewis Penn, Vice President, Vice Chair, *Vice Mayor*
Nathaniel Bates
Charles H. Belcher
Gary Bell
Richard L. Griffin
Thomas K. Butt
Jim Rogers
Maria Viramontes

Authority, Agency and City Staff

Isiah Turner, Chief Executive Officer, *City Manager*
Jay Corey, Acting Director of Finance, *Assistant City Manager*
Steve Duran, Director, *Secretary*
Wayne Nishioka, *Acting City Attorney*

PROFESSIONAL SERVICES

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

Fraser & Associates
Roseville, California
Fiscal Consultant

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

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

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

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority, the Agency or the City. 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, the Agency or the City since the date hereof. All summaries contained herein of the Trust Agreement, the Loan Agreement and other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Agency or the City 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 any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

When used in this Official Statement and in any continuing disclosure by the Agency, in any press release and in any oral statement made with the approval of an authorized officer of the Agency, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Agency since the date hereof.

RBC Dain Rauscher Inc. (the "Underwriter") has provided the following sentence for inclusion in this official statement. The Underwriter has reviewed the information in this official statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

TABLE OF CONTENTS

Page

INTRODUCTION 1
PURPOSE OF THE BONDS 3
ESTIMATED SOURCES AND USES OF FUNDS 4
THE BONDS 4
- Description of the Bonds 4
- Redemption 5
- General Redemption Provisions 6
- Notice of Redemption; Effect of Redemption; Rescission 6

ANNUAL DEBT SERVICE REQUIREMENTS 8
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 9
- Tax Allocation Financing 9
- Allocation of Taxes 9
- Pledge and Allocation of Tax Revenues 10
- Issuance of Parity Debt 11
- Senior Obligations to the Loan Agreement 11
- Additional Senior Obligations 12
- Deposit of Tax Revenues to Special Fund 12
- The Trust Agreement 13

FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS 14
- Financial Guaranty Insurance Policies 14
- Debt Service Reserve Fund Surety Bonds 15
- The Insurer 15

THE AUTHORITY 17
THE AGENCY 17
- Financial Statements 18
- Governance and Administration 18

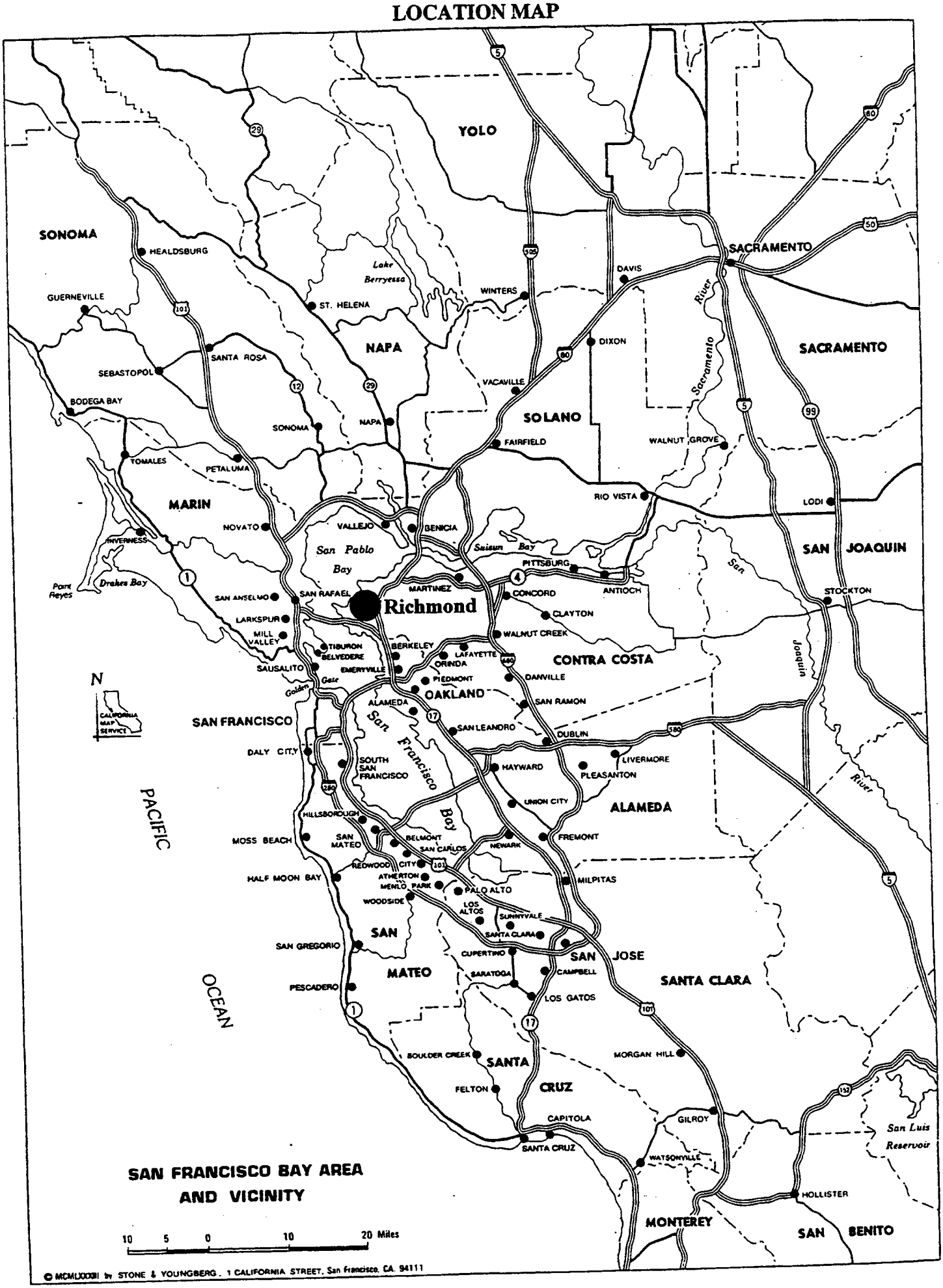
THE PROJECT AREA 19
- Redevelopment Plans 19
- Merger and Amendment of the Project Area 19
- Redevelopment Plan Limitations and Land Usage 20
- The Project Area 21
- Taxable Values and Tax Increment Revenues 25
- Statement of Direct and Overlapping Debt 29

PROJECTED DEBT SERVICE COVERAGE 31
BOND OWNERS' RISKS 32
- Concentration of Tax Base 32
- Estimates of Tax Increment Revenues 32
- Appeals and Other Reductions to Assessed Values 32
- Bankruptcy and Foreclosure 33
- Investment Risk 34
- Development Risks 34
- Earthquake Risks 34
- Brownfields 35
- Levy and Collection of Taxes 35
- Reductions in Inflationary Rate 35
- State Budget 35

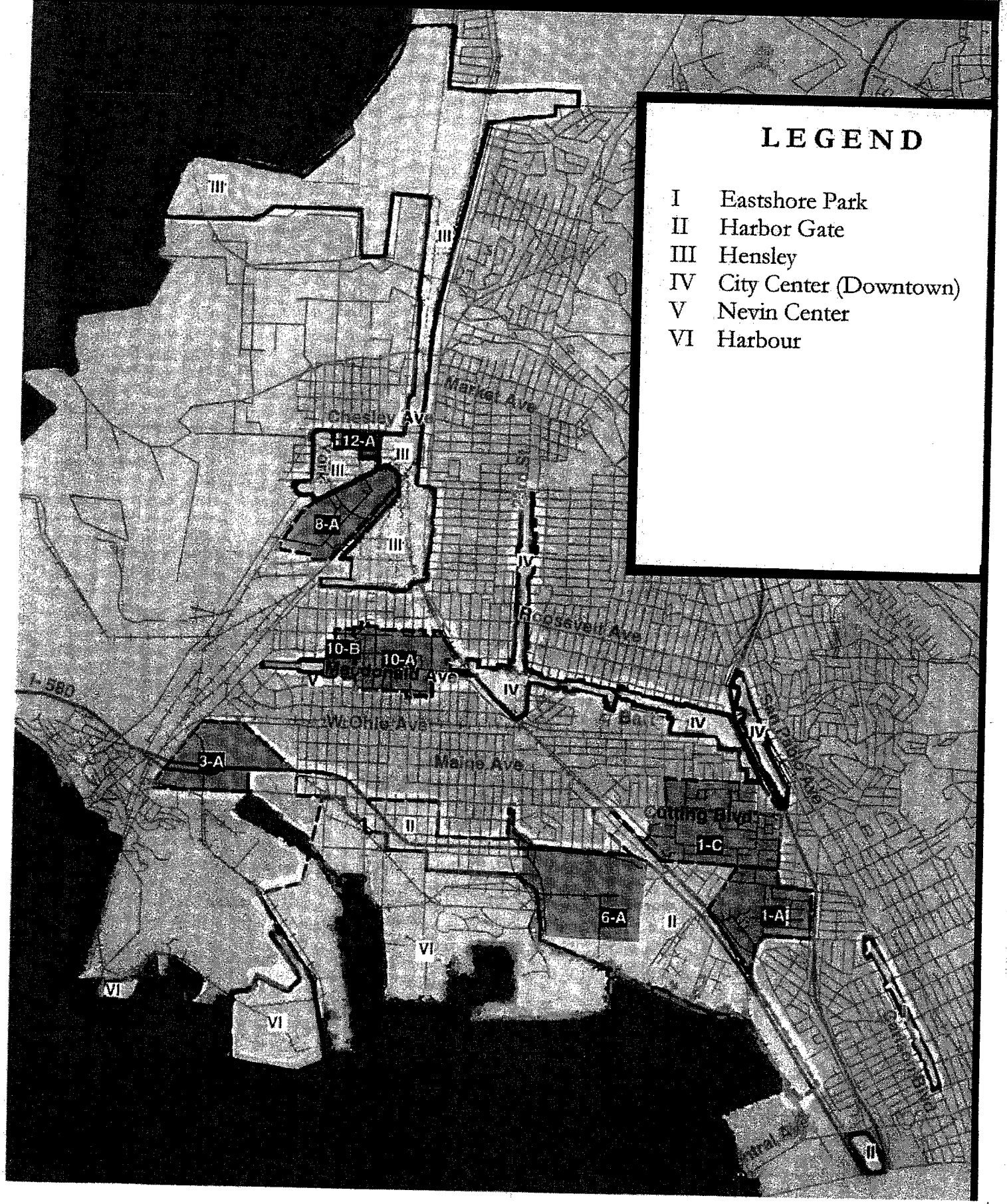
Parity Debt 36
Changes in the Law 37
Hazardous Substances 37
LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS 37
Article XIIIA of the California Constitution 37
Article XIIIB of the California Constitution 39
Articles XIIIC and XIIID of the California Constitution 39
Proposition 87 40
Further Initiatives 40
Property Tax Collection Procedures 40
Unitary Property 42
Low and Moderate Income Housing Fund 43
Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290) 44
SB 211 45
TAX MATTERS 46
NO LITIGATION 47
UNDERWRITING 47
CONTINUING DISCLOSURE 48
APPROVAL OF LEGALITY 48
RATINGS 48
MISCELLANEOUS 48

APPENDIX A - ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF RICHMOND A-1
APPENDIX B - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS B-1
APPENDIX C - BOOK ENTRY ONLY SYSTEM C-1
APPENDIX D - FORM OF CONTINUING DISCLOSURE AGREEMENT D-1
APPENDIX E - PROPOSED FORM OF BOND COUNSEL FINAL OPINION E-1
APPENDIX F - SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY F-1
APPENDIX G - FISCAL CONSULTANT REPORT G-1
APPENDIX H - AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2002 ..... H-1

LOCATION MAP



PROJECT AREA MAP



OFFICIAL STATEMENT
RICHMOND JOINT POWERS FINANCING AUTHORITY

**$15,585,000*
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)**

**$12,385,000*
Tax Allocation Revenue Bonds
Series 2003B (Taxable)**

INTRODUCTION

This introduction is subject in all respects to the more complete information and definitions contained elsewhere in this Official Statement and the offering of the Bonds to potential purchasers is made only by means of the entire Official Statement. Investors are instructed to view this entire Official Statement as well as the documents summarized in the Appendices hereto prior to making an investment decision. Capitalized terms used but not defined in this Official Statement are defined in APPENDIX B hereto.

The purpose of this Official Statement, which includes the cover page, table of contents and Appendices hereto (collectively, the "Official Statement"), is to provide certain information concerning the Richmond Redevelopment Agency (the "Agency"), Richmond Joint Powers Financing Authority (the "Authority") and the issuance by the Authority of $15,585,000* aggregate principal amount of its Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series A Bonds") and $12,385,000* aggregate principal amount of its Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"). The Agency is a redevelopment agency organized and existing under the Redevelopment Law (defined below). The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as of December 1, 1989 (the "Agreement"), by and between the City of Richmond, California (the "City") and the Agency. The Agreement was entered into pursuant to the provisions of Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code, commencing with Section 6500 (the "Act").

The Bonds are generally secured by pledges of certain tax increment revenues of the Agency from specified redevelopment project areas formed by the Agency. Included as APPENDIX G to this Official Statement is a Fiscal Consultant Report (the "Consultant Report") prepared by Fraser & Associates (the "Consultant") which, among other things, analyzes the tax increment revenues generated from taxable property within the Project Area (as defined herein) and pledged under the Loan Agreement to the repayment of the Bonds. The findings and projections in the Consultant Report are subject to a number of assumptions that should be reviewed and considered by prospective investors. No assurances can be given that the projections and expectations discussed in the Consultant Report will be achieved. Actual results may differ materially from the projections described therein. See "APPENDIX G – Fiscal Consultant Report" and "THE PROJECT AREA – Merger and Amendment of the Project Area."

The Bonds are being issued in accordance with the Act, pursuant to a resolution of the Authority adopted on July 22, 2003 (the "Resolution") and a Trust Agreement, dated as of August 1, 2003, by and between the Authority and Union Bank of California, N.A., San Francisco, California, as trustee (the "Trustee"). See "THE BONDS" hereinafter.

The proceeds of the Series A Bonds will be used to (i) finance certain capital improvements for the Agency, (ii) fund the reserve account for the Series A Bonds, (iii) fund capitalized interest, (iv) pay

* Preliminary, subject to change.

the amount of $13,000,000 to the City in partial payment of the City Note (as defined herein) and (v) pay certain costs related to the issuance of the Series A Bonds. The proceeds of the Series B Bonds will be used to (i) finance certain capital improvements for the Agency, (ii) fund the reserve account for the Series B Bonds, (iii) fund capitalized interest, (iv) pay the amount of $5,000,000 to the City in partial payment of the City Note (as defined herein) and (v) pay certain costs related to the issuance of the Series B Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" hereinafter.

The Community Redevelopment Law, being Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law") provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. Pursuant to the Redevelopment Law, the "base roll" is established by determining the taxable value of property within a project area last equalized prior to adoption of a redevelopment plan by a redevelopment agency. Except for any period during which the taxable value drops below the base year level, the taxing agency thereafter receives the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected on any increase in taxable value over the base roll are allocated to a redevelopment agency and, subject to certain limitations discussed herein, may be pledged by the redevelopment agency to the repayment of indebtedness incurred in financing or refinancing a redevelopment project. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Under the Loan Agreement, dated as of August 1, 2003, by and between the Agency and the Authority (the "Loan Agreement"), the Authority will loan the proceeds of the Bonds to the Agency. The loan made by the Authority to the Agency as evidenced by the Loan Agreement is referred to herein as the "Loan." The Agency will enter into the Loan Agreement pursuant to the Redevelopment Law. The Agency's obligations under the Loan Agreement will be secured by a pledge of tax increment revenues (the "Pledged Tax Revenues") generated from the Project Area. See "THE PROJECT AREA – Merger and Amendment of the Project Area" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge and Allocation of Tax Revenues – Loan Agreement."

Certain tax increment revenues derived from the Harbor Project Area, located within the Project Area, are subject to a lien prior and senior to the lien of the Loan Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations to the Loan Agreement." Additionally, the Agency's obligation to make certain payments (the "2000A Guaranty Payments") pursuant to the Post-2004 Guaranty Agreement, dated as of November 1, 2000 (the "Post-2004 Guaranty Agreement"), by and between the Agency and the Authority, in connection with the issuance of the Agency's Tax Allocation Revenue Bonds Series 2000A, is payable on a parity with the Bonds. Under the conditions stated herein, the Agency may issue additional indebtedness payable on a parity with the Agency's obligations under the Loan Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Issuance of Parity Debt" herein.

The scheduled payment of principal and interest on each series of Bonds when due will be insured by separate financial guaranty insurance policies to be issued simultaneously with delivery of the Bonds by MBIA Insurance Corporation. See "FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS" and "APPENDIX F – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY" herein.

Under the Trust Agreement, the Authority is required to maintain separate Reserve Accounts for the Series A Bonds and the Series B Bonds, each in the amount of the respective Reserve Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Trust Agreement – Reserve Accounts."

The Bonds are limited obligations of the Authority entitled, equally and ratably, to the benefits of the Trust Agreement and are payable solely from and secured by an assignment and pledge of the Authority's interest in payments received by the Authority under the Loan Agreement as further described herein under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge and Allocation of Tax Revenues."

There follows in this Official Statement descriptions of the Bonds, the Loan Agreement, the Trust Agreement, the Authority, the Project Area, the Agency and the City. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms not defined herein or in APPENDIX B hereto shall have the meanings set forth in the Trust Agreement or the Loan Agreement. Copies of the Trust Agreement and the Loan Agreement are available for inspection upon reasonable notice during business hours at the office of the Trustee in San Francisco, California.

PURPOSE OF THE BONDS

The Bonds are being issued by the Authority and the proceeds of the Bonds will be loaned to the Agency to finance in part certain capital improvements of the Agency within the Project Area. See "THE PROJECT AREA."

The Agency may use certain proceeds of the Bonds to repay loans from the City that were incurred to finance redevelopment activities. A portion of the proceeds of the Series A Bonds will be applied by the Agency to repay the amount of $13,000,000 of that certain existing promissory note (the "City Note"), executed by the Agency in the approximate amount of $24,000,000 evidencing indebtedness of the Agency to the City for the amounts advanced to the Agency by the City for purpose of financing redevelopment activities. A portion of the proceeds of the Series B Bonds will be applied by the Agency to repay the amount of $5,000,000 of the City Note. The City will be required to use the proceeds of the Series A Bonds from the Agency in repayment of the City Note for capital improvements projects.

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ESTIMATED SOURCES AND USES OF FUNDS

Following is a table of estimated sources and uses of funds with respect to the Bonds.

Sources:	Series A Bonds	Series B Bonds
Bond Proceeds		
Accrued Interest		
Original Issue Premium/Discount		
Less: Underwriters Discount		
Total Sources		
Uses:		
Deposit to Costs of Issuance Fund[1]		
Deposit to Interest Account		
Deposit to Project Account		
Deposit to Reserve Account		
Repayment of the City Note		
Total Uses		

(1) Includes legal, financing and consultant fees, fees of the Trustee, rating agencies fees, premiums for the financial guaranty insurance policies and the Debt Service Reserve Fund Surety Bonds, and certain miscellaneous expenses.

THE BONDS

Description of the Bonds

The Bonds will be dated the date of delivery and will be issued only in fully registered form in denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest at the rates per annum and will mature, subject to redemption provisions set forth hereinafter, on the dates and in the principal amounts as set forth on the inside cover page of this Official Statement. If the Bonds are not in book entry form, then the principal of the Bonds and any redemption premium are payable upon presentation and surrender thereof, at maturity or upon prior redemption thereof, at the corporate trust office of the Trustee in San Francisco, California (the "Trust Office").

Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing March 1, 2004 (each an "Interest Payment Date"). Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such Interest Payment Date, in which event they will bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event the Bonds will bear interest from the date of delivery; *provided, however*, that if at the time of authentication of any Bond interest is then in default on the Outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co. as the registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as a securities depository for the Bonds. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds so

purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein and in the Trust Agreement to the Holders or Bondholders shall mean Cede & Co. and do not mean the beneficial owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal of, premium, if any, and interest on the Bonds are payable by the Trustee to Cede & Co. See "APPENDIX C – BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption – Series A Bonds. The Series A Bonds maturing on or after September 1, 2014 , are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, by such maturity or maturities as shall be directed by the Authority (or in the absence of such direction, pro rata by maturity and by lot within a maturity), from prepayments of the Loan made at the option of the Agency pursuant to the terms of the Loan Agreement or from any other source of available moneys. Such optional redemptions may be made on or after September 1, 2013 , on any date with respect to which such Loan prepayments or other moneys shall have been made available subject to prior notice as provided in the related Trust Agreement, at a redemption price equal to the principal amount of the Series A Bonds called for redemption, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Series B Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption – Series A Bonds. The Series A Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part, on September 1 of each year on and after September 1, 20__, by lot, from and in the amount of the mandatory sinking account payments due and payable on such dates, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon, to the redemption date, without premium, in the amounts and on the dates set forth below:

Series A Bonds Due
September 1, 20__

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments

* Maturity

Mandatory Sinking Fund Redemption – Series B Bonds. The Series B Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part, on September 1 of each year on and after September 1, 20__, by lot, from and in the amount of the mandatory sinking account payments due and payable on such dates, at a redemption price

Preliminary, subject to change.

equal to the sum of the principal amount thereof, plus accrued interest thereon, to the redemption date, without premium, in the amounts and on the dates set forth below:

Series B Bonds Due
September 1, 20__

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments

* Maturity

The amounts in the foregoing table will be reduced pro rata, in order to maintain substantially level debt service, as a result of any prior partial optional redemption or mandatory redemption of the Bonds.

In lieu of redemption, moneys in the applicable Principal Account of the Series 2003 Revenue Fund may be used and withdrawn by the Trustee for purchase of Outstanding Bonds, upon the filing with the Trustee of an officer's certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the applicable Interest Account of the Series 2003 Revenue Fund) as such officer's certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

General Redemption Provisions

For purposes of selecting Bonds for redemption, such Bonds will be deemed to be composed of $5,000 multiples and any such multiple may be redeemed separately. If less than all of the Bonds of any maturity are called for redemption at any one time, and so long as the Bonds are in book entry form with DTC as the owner, DTC will determine by lot the amount of interests of each Direct Participant in such maturity to be redeemed. In the case of a partial redemption of Bonds, if the Bonds are no longer held in book entry form, the Trustee will select Bonds within each maturity to be redeemed in any manner it deems appropriate and fair.

Notice of Redemption; Effect of Redemption; Rescission

Notice of redemption will be mailed by first class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective registered owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee and to certain securities depositories and information services. Neither failure to receive such notice nor any defect in the notice so mailed nor any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner to notify the Beneficial Owner so affected will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of interest on the redemption date.

From and after the date fixed for redemption, if funds available for the payment of the principal of, premium, if any, and interest on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Trust Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. The Authority may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be canceled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Trust Agreement. If any redemption is rescinded or canceled in accordance with the Trust Agreement, the Trustee will mail notice of such rescission or cancellation in the same manner as notice of such redemption was originally provided.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, the debt service requirements for the Series A Bonds, the Series B Bonds and the total payments due on the Series A Bonds and the Series B Bonds.

	Series A Bonds			Series B Bonds			
Year Ending September 1	Principal Payments	Interest Payments*	Total	Principal Payments	Interest Payments	Total	Grand Total

*Interest payments are capitalized on the Bonds through _____, 20__.

For additional information regarding estimated tax increment revenues and projected debt service coverage on the Bonds, see "THE PROJECT AREA – Taxable Values and Tax Increment Revenues" and "PROJECTED DEBT SERVICE COVERAGE" herein.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of property within a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll (commonly known as "tax increment revenues") are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of tax increment revenues.

Allocation of Taxes

Under the provisions of the California Constitution and the Redevelopment Law, taxes, including possessory interest taxes, levied upon taxable property within a project area each year by any taxing agency are allocated according to the following procedures:

(i) To Other Taxing Agencies: That portion of the taxes which would be produced by levying the particular tax rate each year for each of the taxing agencies upon the total assessed value of taxable property in a project area as shown upon the assessment roll last equalized prior to the effective date of the Agency's ordinance adopting the Redevelopment Plan, is allocated to the respective taxing agencies as those taxes are paid and collected. For the purpose of allocating taxes levied for any taxing agency or agencies which did not include the territory located in a project area on the effective date of such ordinance, but to which such territory has been annexed or otherwise included after such effective date, the assessment roll of the county last equalized prior to the effective date of said ordinance is used in determining the assessed valuation of the taxable property in the project area on said effective date; and

(ii) To the Agency: That portion of said levied taxes each year in excess of the foregoing amount is allocated to a special fund of the Agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the redevelopment of a project area. Unless and until the total assessed valuation of taxable property in a project area exceeds the total assessed value of said property as shown by the last equalized assessment roll referred to in the preceding paragraph, all of the taxes levied and collected upon the taxable property in the project area are paid to the respective taxing agencies other than the Agency.

The Agency has no power to levy and collect taxes, and any legislative property tax de-emphasis or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate will reduce the amount of tax allocations that would otherwise be available to pay the principal of, premium, if any, and interest on the Bonds. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein. Likewise, broadened property tax exemptions or any limitation on the rate of taxation by taxing agencies could have a similar effect.

Teeter Plan. The Board of Supervisors of Contra Costa County (the "County") utilizes the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the

Teeter Plan, the County calculates tax increment to redevelopment project areas by applying the current year secured tax rate to secured and unsecured incremental taxable value.

Tax increment is allocated to the Agency based on 100% of the County calculated levy. Under the Teeter Plan, the Agency is shielded from the impact of delinquent property taxes and the County does not adjust tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments.

Pass-Through Payments. Historically, redevelopment agencies entered into agreements to pay tax increment revenues to taxing agencies that had territory within a redevelopment project area in an amount which the agency and the taxing agency agreed was appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements provided for a pass through of tax increment revenues directly to the affected taxing agency and were commonly referred to as "Pass-Through Agreements." The Agency, however, has not entered into any such Pass-Through Agreements. Assembly Bill 1290 ("AB 1290") replaced this negotiating process with a statutory tax increment sharing formula for all redevelopment project areas established on or after January 1, 1994 and with respect to additional territory added to existing redevelopment project areas after January 1, 1994. AB 1290 requires statutory pass through payments ("Pass-Through Payments") to all taxing entities, however a redevelopment agency may subordinate the Pass-Through Payments to the payment of loans, bonds or other debt of the redevelopment agency if the redevelopment agency obtains the consent of the affected taxing entity prior to incurring such debt. The Agency has not subordinated any Pass-Through Payments to date.

In addition, if an agency makes certain types of amendments to a redevelopment plan, such as the 1999 Amendments (as defined herein), the Redevelopment Law provides that either pre-AB 1290 pass through payments continue or, if none are being paid, that Pass-Through Payments be made at the point in time the first of such amendments become operative. The amount of the statutory Pass-Through Payment is calculated against the amount of assessed value by which the then current year assessed value exceeds the adjusted base year assessed value, which is the assessed value of the project area the first year in which one or more of the new limitations takes effect. For these purposes, the relevant amendments are those which extend the time frame to incur debt, increase the amount of tax increment revenue to be received by the agency or extend the effectiveness of a redevelopment plan. See "THE PROJECT AREA – Merger and Amendment of the Project Area" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290)" herein.

Pledge and Allocation of Tax Revenues

Loan Agreement. The Loan and all Parity Debt will be equally and ratably secured by a pledge of, and first lien on, all of the Pledged Tax Revenues and all amounts in the Special Fund for the Project Area. The Special Fund is established and maintained by the Agency pursuant to the Redevelopment Law. The Agency will deposit all Pledged Tax Revenues into the Special Fund. The Authority holds a security interest in the Special Fund pursuant to the terms of the Loan Agreement which, pursuant to the Trust Agreement, is assigned to the Trustee for the benefit of the bondowners.

More specifically, under the Loan Agreement, "Pledged Tax Revenues" are defined to mean: all taxes annually eligible for allocation to the Agency pursuant to the Redevelopment Law with respect to the Project Area (including all payments, reimbursements and subventions, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations):

decreased by

(a) amounts, if any, not exceeding twenty percent (20%) of certain of such taxes which may be required by law to be deposited in the Housing Fund;

(b) amounts, if any, received pursuant to Section 16111 of the California Government Code;

(c) Pass-Through Payments; and

(d) the Senior Harbour Debt Service;

and increased by

(e) an amount equal to the Loan Payments; and

(f) an amount payable from the amounts otherwise required to be deposited in the Housing Fund pursuant to the Redevelopment Law equal to Debt Service with respect to Parity Debt (other than the Loan Payments) times a fraction, the numerator of which is the amount of proceeds (net of reserve funds and costs of issuance) of such Parity Debt that is deposited in the Housing Fund or used for purposes for which funds in the Housing Fund are eligible under the Redevelopment Law, and the denominator of which is the aggregate amount of proceeds (net of reserve funds and costs of issuance) of such Parity Debt.

See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290)" hereinafter.

Under the terms of the Loan Agreement, the Agency may issue or incur Parity Debt with respect to the Project Area. See "Issuance of Parity Debt" below for a discussion of the issuance of Parity Debt by the Agency.

Issuance of Parity Debt

Under the Loan Agreement, the Agency may at any time issue or incur Parity Debt payable from Pledged Tax Revenues and secured by a lien and charge on the Pledged Tax Revenues equal to and on a parity with the lien and charge securing the Bonds, subject to certain conditions precedent, including, without limitation, a determination by the Agency that: (i) the Pledged Tax Revenues to be received by the Agency in the then current fiscal year based upon the most recent qualified assessment roll of the County, are at least equal to one hundred forty percent 140% of Maximum Annual Debt Service and (ii) no Event of Default under the Loan Agreement, under any Parity Debt Instrument, under any Subordinate Debt Instrument or under any other instrument secured by tax increment revenues of the Agency with respect to the Project Area shall have occurred and be continuing. See APPENDIX B – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LOAN AGREEMENT – Parity Debt."

Senior Obligations to the Loan Agreement

Under that certain Indenture, dated as of January 1, 1992, as amended by a First Supplemental Indenture, dated as of February 1, 1998, all by and between the Agency and U.S. Bank Trust, N.A. (as successor to First Trust of California, N.A.), (the "Senior Harbour Indenture"), the Agency issued its Harbour Redevelopment Project 1991 Tax Allocation Bonds (the "1991 Bonds") and its Harbour Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A (the "1998 Bonds"), secured by

a senior lien on tax increment revenues generated from the Harbor Project Area. Under the Senior Harbour Indenture, the Agency may issue future Parity Obligations equal to and on a parity with the lien and charge securing the 1991 Bonds and the 1998 Bonds, subject to certain conditions precedent, see "Additional Senior Obligations" below. The 1991 Bonds, the 1998 Bonds and any parity obligations issued under the Senior Harbour Indenture (the "Senior Harbour Bonds") are secured by a lien which is senior in all respects to that portion of the Pledged Tax Revenues derived from the Harbour Project Area. For the fiscal year 2002-03, tax increment revenues from the Harbour Project Area are projected to represent 89% of the Pledged Tax Revenues. See "PROJECTED DEBT SERVICE COVERAGE" herein.

1991 Bonds. In January 1992, the Agency issued the 1991 Bonds. The Agency refunded a portion of the 1991 Bonds with the proceeds of the 1998 Bonds. On July 1, 2003, the 1991 Bonds had a remaining principal balance of $305,000. The 1991 Bonds mature on July 1, 2009. The 1991 Bonds are special, limited obligations of the Agency and, except to the extent payable out of moneys attributable to the 1991 Bonds proceeds, are payable solely from a pledge on the tax revenues generated by the Harbour Project Area. The 1991 Bonds are not secured by tax revenues generated by other project areas.

1998 Bonds. In February 1998, the Agency issued the 1998 Bonds. On July 1, 2003, the 1998 Bonds had a remaining principal balance of $21,474,779. The 1998 Bonds mature on July 1, 2023. The 1998 Bonds are special, limited obligations of the Agency and, except to the extent payable out of moneys attributable to the 1998 Bonds proceeds, are payable solely from a pledge on the tax revenues generated by the Harbour Project Area. The 1998 Bonds are not secured by tax revenues generated by other project areas. The 1998 Bonds are secured on a parity with the 1991 Bonds.

Additional Senior Obligations

The additional bonds test set forth in the Senior Harbour Indenture requires the delivery by the Agency to the Trustee of a certificate of the Agency, for the current year and each future bond year during which the 1998 Bonds and the 1991 Bonds are outstanding, that the tax revenues are at least equal to 1.30 times maximum annual debt service on the 1998 Bonds and the 1991 Bonds and Parity Obligations; provided, however, that for purposes of the coverage test, the tax revenues shall be reduced by the average total tax collection relative to the tax levied over the three prior fiscal years. Only the 1998 and 1991 Bonds are, and any obligations on a Parity with the 1998 Bonds and the 1991 Bonds, if any, would be, senior to the pledge under the Loan Agreement. Under the Loan Agreement, Pledged Tax Revenues are pledged as debt service coverage on the Loan, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge and Allocation of Tax Revenues – Loan Agreement."

The debt service coverage required to issue additional parity obligations under the Senior Harbour Indenture currently exceeds the tax increment revenues generated from the Harbour Project Area and pledged under the Loan Agreement. Therefore, the issuance of additional parity obligations under the Senior Harbour Indenture would not be expected to reduce tax increment revenues available under the Loan Agreement.

Deposit of Tax Revenues to Special Fund

Special Fund. The Agency agrees and covenants under the Loan Agreement that all Pledged Tax Revenues, when and as received by the Agency, will be received by the Agency in trust. In each fiscal year the Agency is required to deposit in trust in the Special Fund an amount of Pledged Tax Revenues equal to the Debt Service payable on March 1 of such fiscal year and September 1 of the next succeeding fiscal year. The Pledged Tax Revenues in each fiscal year may not be applied to any other purpose until such time as the required deposits are fully made. The Special Fund is pledged and a first security interest

granted therein and all money on deposit in the Special Fund must be applied and used only as provided under the Loan Agreement. All money on deposit in the Special Fund must be used to pay Debt Service on the Bonds. After making all the set-asides and payments required to be made under the Loan Agreement in each fiscal year, the Agency may expend in such fiscal year any remaining money in the Special Fund for any lawful purpose of the Agency. The Agency agrees and covenants to maintain the Special Fund so long as the Loan remains unpaid.

At least 15 days prior to each Interest Payment Date, the Agency will transfer to the Trustee from the Special Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Bonds on such Interest Payment Date (the "Loan Payment"). The Loan Payments shall be payable from all Pledged Tax Revenues. In the event that the Pledged Tax Revenues are insufficient to pay all Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Loan Payments and Parity Debt Service.

The Trust Agreement

Under the Trust Agreement, all of the Authority's right, title and interest in and to the Agency's payments of principal and interest under the Loan Agreement are assigned to the Trustee for the benefit of the bondowners and are pledged to secure the payment of the principal, premium, if any, and interest payable with respect to the Bonds. Such payments under the Loan Agreement constitute the only sources of payment of principal of, premium, if any, and interest payable with respect to the Bonds (except to the extent certain funds and amounts, including the proceeds of the Bonds and investment earnings on amounts held under the Trust Agreement, are available for such payment). The Trust Agreement provides the Trustee with the power to enforce all of the rights of the Authority under the Loan Agreement.

The Bonds are limited obligations of the Authority entitled to the benefits of the Trust Agreement, payable solely from and secured by the funds and accounts held by the Trustee pursuant to the Trust Agreement and the assignment and pledge therein of the Authority's interest in the payments of principal and interest made by the Agency under the Loan Agreement. The Loan is secured, and therefore the Bonds are secured, by a pledge of the Pledged Tax Revenues. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT."

Reserve Accounts. The Trust Agreement establishes two Reserve Accounts, one related to each series of Bonds, to be held by the Trustee for the benefit of the Authority and the Holders of the related series of Bonds. The amount on deposit in each Reserve Account is required to be maintained at the Reserve Account Requirement for each series of Bonds at all times until payment of the Loan in full. All money in the Reserve Accounts will be used and withdrawn by the Trustee solely to pay principal of and redemption premium, if any, and interest on the Bonds in the event of any deficiency at any time in the Interest Account or Principal Account of each series of the Series 2003 Revenue Fund established under the Trust Agreement. In the event of a partial redemption of either Series of Bonds pursuant to the Trust Agreement, the related Reserve Account Requirement will be reduced to the Maximum Annual Debt Service on all Outstanding related Series of Bonds after such redemption. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Pledge of Revenues – Establishment and Maintenance of Accounts for the Use of Moneys in the Series 2003 Revenue Fund – Series 2003A Reserve Account and Series 2003B Reserve Account."

Under the Trust Agreement, the Authority may satisfy either Reserve Account Requirement at any time by depositing with the Trustee a surety bond, insurance policy or letter of credit, or any combination thereof, as a substitute for all or a portion of cash then on deposit in either Reserve Account.

Accordingly, upon issuance of the Bonds, a Debt Service Reserve Fund Surety Bond in the stated amount of $_____ will be deposited in the Reserve Account in respect of the Series A Bonds and a Debt Service Reserve Fund Surety Bond in the stated amount of $_____ will be deposited in the Reserve Account in respect of the Series B Bonds. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Pledge of Revenues – Reserve Surety Policies and Letters of Credit" herein. See also "FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS" herein. The amount of each Debt Service Reserve Fund Surety Bond, when added to the amounts already on deposit in each Reserve Account, will equal to the applicable Reserve Requirement relating to each series of Bonds.

FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS

Financial Guaranty Insurance Policies

The following information has been furnished by MBIA Insurance Corporation (the "Insurer") for use in this Official Statement. Reference is made to "APPENDIX F – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY" for a specimen of the Insurer's policies.

The Insurer's policies unconditionally and irrevocably guarantee the full and complete payment required to be made by or on behalf of the Authority to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policies shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policies do not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer's policies do not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policies also do not insure against nonpayments of principal or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as

agent for such owners of the Bonds in any legal proceedings related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory of U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the insured amounts due on such Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

Debt Service Reserve Fund Surety Bonds

The Insurer has issued its commitments to issue a surety bond relating to the Series A Bonds and a surety bond relating to the Series B Bonds (each, a "Debt Service Reserve Fund Surety Bond") for the purpose of funding each Reserve Account in the amount of the Reserve Requirement relating to each series of Bonds. See "SECURITY AND SOURCES OF PAYMENT – Trust Agreement – Reserve Accounts" above. Each Debt Service Reserve Surety Bond will provide, with respect to the series of Bonds supported thereby, that upon notice from the Trustee to the Insurer to the effect that insufficient amounts are on deposit in the Series 2003 Revenue Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the applicable series of Bonds, the Insurer will promptly deposit with the Trustee an amount sufficient to pay the principal of and interest on the applicable series of Bonds or the available amount of the applicable Debt Service Reserve Fund Surety Bond, whichever is less. Upon the later of: (i) three (3) days after receipt by the Insurer of a Demand for Payment in the form attached to the Debt service Reserve Fund Surety Bond, duly executed by the Trustee; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Trustee to the Insurer, the Insurer will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

The available amount of each Debt Service Reserve Fund Surety Bond is the initial face amount of each Debt Service Reserve Fund Surety Bond less applicable amount of any previous deposits by the Insurer with the Trustee which have not been reimbursed by the Authority. the Authority and the Insurer have entered into a Financial Guaranty Agreement dated as of the date of delivery of the Bonds (the "Agreement"). Pursuant to the Agreement, the Authority is required to reimburse the Insurer, within one year of any deposit, the amount of such deposit made by the Insurer with the Trustee under each Debt Service Reserve Fund Surety Bond. Such reimbursement shall be made only after all required deposits to the Series 2003 Revenue Fund has been made.

Under the terms of the Agreement, the Trustee is required to reimburse the Insurer, with interest, until the face amount of the applicable Debt Service Reserve Fund Surety Bond is reinstated before any deposit is made to the Series 2003 Revenue Fund. No optional redemption of any series of Bonds may be made until the applicable Debt Service Reserve Fund Surety Bond is reinstated. Each Debt Service Reserve Fund Surety Bond will be held by the Trustee in the applicable Reserve Account and is provided as an alternative to the Authority depositing fund equal to applicable Reserve Requirement for outstanding Bonds of each series. Each Debt Service Reserve Fund Surety Bond will be issued in the face amount equal to the Maximum Annual Debt Service of each series of Bonds and the premium therefor will be fully paid by the Authority at the time of delivery of the Bonds.

The Insurer

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico,

the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends of the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserve on its liabilities in certain amounts and for certain periods of time.

The Insurer does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the financial guaranty insurance policies and the Insurer set forth under the heading "FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS." Additionally, the Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 2002; and

(2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2002, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, are available (i) over the Internet at the SEC's web site at http://www.sec.gov/; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at http://www.mbia.com; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545.

As of December 31, 2002, the Insurer had admitted assets of $9.2 billion (audited), total liabilities of $6.0 billion (audited), and total capital and surplus of $3.2 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2003, the Insurer had admitted assets of $9.3 billion (unaudited), total liabilities of $6.11 billion (unaudited), and total capital and surplus of $3.2 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of the Insurer "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of the Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

THE AUTHORITY

The Authority was created by a Joint Exercise of Powers Agreement, dated as of December 1, 1989 (the "JPA Agreement"), by and between the Agency and the City. The JPA Agreement was entered into pursuant to the provisions of Articles 1 and 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "JPA Law").

The members of the Agency and the City Council of the City (the "City Council") serve as the governing board of the Authority. The Authority is a separate entity constituting a public instrumentality of the State and was formed for the public purpose of establishing a vehicle which could reduce the borrowing costs of the Agency and promote greater use by the Agency of existing and new financial instruments and mechanisms.

THE AGENCY

The City Council organized the Agency by Ordinance No. 4687 in October 1949 to exercise the powers granted by the Redevelopment Law.

The Agency was one of the first redevelopment agencies formed in the United States and its original objectives were to acquire and clear wartime housing, provide new housing for low and moderate income families and upgrade and broaden the City's economic base through development of industrial parks and commercial areas. To accomplish these objectives, the Agency has formed and administered eleven redevelopment projects.

The Agency has the authority to acquire, administer, develop and sell or lease property, including the right of eminent domain, and the right to issue bonds and expend the proceeds. The Agency can clear buildings and other improvements, can develop as a building site any real property owned or acquired, and in connection with such development, can cause streets, highways and sidewalks to be constructed or reconstructed and public utilities to be installed.

Financial Statements

The Agency's audited financial statements for the Fiscal Year Ending June 30, 2002 are attached hereto as APPENDIX H. The fiscal year 2001-02 financial statements were audited by Caporicci & Larson, Certified Public Accountants ("Caporrici & Larson"). Caporrici & Larson has not reviewed this Official Statement and the Agency has not requested Caporrici & Larson to consent to the inclusion of the 2001-02 audited financial statements herein. The report of Caporrici & Larson contains certain findings concerning the compliance with accounting procedures, establishing time limits and the requirement to deposit a portion of the tax increment revenues in the Low and Moderate Income Housing Fund (the "Housing Fund" or "Housing Set-Aside"). See "APPENDIX H – AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2002" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Low and Moderate Income Housing Fund" herein.

In August 2000, the State Attorney General confirmed that the Agency is in substantial compliance with the requirements of the Redevelopment Law and that no "major violations" (as defined in the Redevelopment Law) exist with respect to the Agency.

Governance and Administration

The Agency is administered by a governing board of nine members (the "Board"), who are the elected Mayor and members of the City Council. Pursuant to the Redevelopment Law, the Agency is a separate public body and exercises governmental functions in planning and implementing improvement projects.

The members of the Agency, their respective positions on the Board and the ending date of their respective terms follow.

Member	Board Position	Term Expiration
Irma L. Anderson	Chair	November 21, 2005
Mindell Lewis Penn	Vice Chair	November 17, 2003
Nathaniel Bates	Member	November 17, 2003
Charles H. Belcher	Member	November 17, 2003
Gary Bell	Member	November 17, 2003
Richard L. Griffin	Member	November 21, 2005
Thomas K. Butt	Member	November 17, 2003
Jim Rogers	Member	November 21, 2005
Maria Viramontes	Member	November 21, 2005

A discussion of senior management of the Agency and City and their respective positions and duties follows.

Isiah Turner, Chief Executive Officer of the Agency and City Manager, brings 30 years of administrative and leadership experience to the City. Under his leadership, the City has experienced collaboration among public agencies, community based organizations, labor, education and the business community. Mr. Turner is responsible for developing the One Stop Career Center and RichmondWORKS, which serve the employment and training needs of the City and have resulted in over 15,000 jobs for City residents. Currently, he is leading a redevelopment program that will create 5,000 new jobs; build 2,500 new homes ranging in cost from $170,000 to $750,000; develop a transit village in old downtown Richmond; revitalize the old Ford Building; and create three retail/commercial centers in

the Hilltop and Marina area and in the Richmond Annex area. His background includes serving in the Washington State Governor's Cabinet as Commissioner of the Washington State Employment Security Department, during which time he managed a department of 2,700 employees with an operating budget of $150 million. Mr. Turner is an appointed member of California State Governor Gray Davis' Workforce Investment Board and the California Association of Local Economic Development Board of Directors. Mr. Turner has a Bachelor of Arts degree from Evergreen State College in Washington State and is a graduate of the John F. Kennedy School of Government Program for Senior Executives in State and Local Government, Harvard University, Cambridge Massachusetts.

Steve Duran, Director of the Agency, has served in that capacity since June, 2002. Mr. Duran's experience includes 30 years of real estate and redevelopment experience, most of which was in the private sector. Mr. Duran came to the city from the San Jose Redevelopment Agency, where he served as a Senior Negotiations Officer before being promoted to manager, downtown Development and Implementation. Mr. Duran holds an A.S. Degree in Real Estate from Contra Costa College, a B.S. Degree in Business Administration from California State University at Hayward and an M.B.A. in Management from Golden Gate University.

THE PROJECT AREA

Redevelopment Plans

The Agency is responsible for redevelopment in eleven project areas consisting of approximately 3,562 acres within the City. The City is located in Contra Costa County, 10 miles northeast of San Francisco. Under the Redevelopment Law, every redevelopment agency is required to adopt, by ordinance, a redevelopment plan for each redevelopment project area. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law.

The goal of a redevelopment plan is to eliminate blighted conditions in the project area by undertaking appropriate projects pursuant to the Redevelopment Law. The objectives of the City's Redevelopment Plans are summarized as follows: (i) eliminate physical and economic blight in the project areas; (ii) stimulate residential, commercial, industrial, transit and port development in the project areas; (iii) provide for a range of commercial and industrial uses to stimulate strong local economic growth and job opportunities for residents; (iv) remove impediments to land development, guide development toward a high level of design standards, and aid in the removal or rehabilitation of functionally or structurally substandard buildings; (v) improve safety and security in the project areas; (vi) increase and improve the supply of low and moderate income housing in the City through the use of tax increment funds; and (vii) provide tax increment funds for the redevelopment activities that are needed to alleviate blighting conditions and repay bonded indebtedness.

Merger and Amendment of the Project Area

The Agency amended and merged together nine of its project areas (the "Merged Project Area") for financial and time limit purposes. The Merged Project Area consists of nine formerly "independent" redevelopment project areas which were merged together on July 13, 1999 (the "1999 Amendments") and include: Eastshore No. 1-A (the "Eastshore Project Area"); Potrero No. 1-C (the "Potrero Project Area"); Galvin No. 3-A (the "Galvin Project Area"); Harbor Gate No. 6-A (the "Harbor Gate Project Area"); Hensley No. 8-A (the "Hensley Project Area"); Downtown No. 10-A (the "Downtown Project Area"); Nevin Center No. 10-B (the "Nevin Center Project Area"); Harbour No. 11-A (the "Harbour Project Area") and North Richmond No. 12-A (the "North Richmond Project Area"). Under the Redevelopment Law, the merger of nine of the Agency's constituent project areas will not affect the senior pledge of tax

increment revenues derived from the Harbour Project Area to the repayment of the 1998 Bonds and the 1991 Bonds.

As part of the 1999 Amendments, territory was added to the Eastshore Project Area, the Harbor Gate Project Area, the Hensley Project Area, the Downtown Project Area, the Nevin Center Project Area and the Harbour Project Area (the "Added Areas").

Redevelopment Plan Limitations and Land Usage

In 1993, the California Legislature enacted AB 1290. AB 1290 provides for, among other things, the placement of time limits on the effectiveness of every redevelopment plan and provides that after ten years from the termination date of a plan's effectiveness, no redevelopment agency, subject to certain exceptions, shall pay indebtedness or receive property tax in connection therewith. AB 1290 further places a time limit on the incurrence of debt to the later of 20 years from the adoption of the redevelopment plan or January 1, 2004. This time limit to incur debt does not prevent agencies from refinancing indebtedness after expiration of the time limit if the indebtedness is not increased and the time during which the indebtedness is to be repaid does not exceed the date on which the original indebtedness would have been paid. The time limit for the incurrence of debt may be extended for a maximum of ten years by amendment of the redevelopment plan if the agency makes certain findings regarding significant blight remaining in the project area. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290)" herein.

In 2001, the California Legislature enacted SB 211, which allows a redevelopment agency to delete the debt incurrence date from its redevelopment plan for those project areas that were adopted prior to December 31, 1993. The amendment of the redevelopment plan can be accomplished without the need to follow noticing, hearing and documentation required for a normal plan amendment. The legislative body need only adopt an ordinance to delete the debt incurrence limit per SB 211. The Agency intends to remove the debt incurrence limit from the project areas shown below. The currently required amount of AB 1290 pass through payments will not be increased due to the SB 211 amendment. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – SB 211" herein.

Time Limits. The Merged Project Area has been grouped according to the date when their debt limit occurs. Those portions of the Merged Project Area that can incur debt after January 1, 2004 are collectively referred to herein as the "Project Area." The Pledged Tax Revenues allocated from the Project Area secure the Loan Agreement, which is limited in amount and duration, and all Parity Debt.

The following table summarizes the Agency's deadlines for incurring debt, last date to receive tax increment and various dates of adoption of the Redevelopment Plans and shows the current complement of land use and approximate size of each constituent project area or portion of each constituent project area within the Project Area.

Constituent Project Area	Primary Land Use	Acres	Original Adoption	Last Date to Incur Debt	Time Limit for Plan	Time Limit for TI[1] Receipt
1A Eastshore (Added Area)	Commercial	14	7/13/1999	7/13/2019	7/13/2029	7/13/2044
6A Harbor Gate (1995 Area)	Industrial	616	6/26/1995	7/26/2015	7/26/2025	7/26/2040
6A Harbor Gate (Added Area)	Industrial	16	7/13/1999	7/13/2019	7/13/2029	7/13/2044
8A Hensley (Added Area)	Industrial	666	7/13/1999	7/13/2019	7/13/2029	7/13/2044
10A Downtown (Added Area)	Commercial	174	7/13/1999	7/13/2019	7/13/2029	7/13/2044
10B Nevin (Added Area)	Residential	10	7/13/1999	7/13/2019	7/13/2029	7/13/2044
11A Harbour	Commercial	964	6/09/1975	1/1/2014[2]	6/09/2015	6/09/2025

[1] Tax Increment
[2] Shows the project area(s) where the debt incurrence limit will be deleted.
Source: Fraser & Associates

Cumulative Tax Increment Limit. As part of the 1999 Amendments, a combined tax increment limit of $521,400,000 was established. The combined limit applies to tax increment revenues received after the effective date of the ordinance (December 22, 1986) that originally established the tax increment limit in each of the constituent project areas. The combined tax increment limit does not apply to the Added Areas, nor to the territory that was added to the Harbor Gate Project Area on June 26, 1995 (the "1995 Area"). Those areas were added after the implementation of various changes to the Redevelopment Law that were triggered by AB 1290. In addition to the changes described above in "-Redevelopment Plan Limitations," AB 1290 eliminated the need to establish a cumulative tax increment limit for new redevelopment project areas or areas that were added to existing project areas. Through the 2001-02 fiscal year, the Consultant estimated that the Agency received $105.6 million in tax increment for those portions of the Merged Project Area subject to the tax increment limit. Based on the projections of tax increment contained in the Consultant Report, the Agency will not reach its cumulative tax increment limit before the end of the period to receive tax increment for the various constituent project areas of the Merged Project Area.

Bonded Indebtedness Limit. The Agency, as a part of the 1999 Amendments, also established a combined limit on the principal amount of bonded indebtedness that can be outstanding at any one time. That limit is $250 million and applies to the entire Merged Project Area. As of April 2003, the Agency had approximately $53 million in bonds outstanding. See "APPENDIX G – FISCAL CONSULTANT REPORT."

The Project Area

A description of the current and future development within the Project Area follows. There can be no assurances that such development will actually occur. It is expected that additional public funds will be needed over the next several years to accomplish the goals of the Redevelopment Plans. The Agency expects to raise the additional public funds (i) by issuing future debt obligations, the repayment of which may be secured by Pledged Tax Revenues and (ii) from the proceeds of sale of land owned by the Agency in the Merged Project Area.

The Project Area is comprised of all of the Harbour Project Area, the Added Areas and the 1995 Area. As the 2002-03 assessed value for the 1995 Area is currently below the base year value, the

Consultant Report only includes an analysis of tax increment revenue from the Added Area and the Harbour Project Area, as more fully discussed in APPENDIX G.

Eastshore Project Area. A total of 14 acres has been added to this project area as part of the 1999 Amendments. This new acreage is characterized by single story retail stores fronting San Pablo Avenue. Currently, Agency staff is unaware of any major development projects being considered or planned for this area.

Harbor Gate Project Area. A total of 16 acres has been added to this project area as part of the 1999 Amendments and a total of 616 acres were added by the 1995 amendment. This acreage is all characterized by underdeveloped/underutilized property, inadequate infrastructure and obsolete parcelization.

Projects under construction or completed include: (i) a 480,000 square foot Department of Health Services State Laboratory facility; (ii) a 31,000 square foot highway commercial center anchored by a Longs Drug Store; and (iii) an 86-acre parcel being considered for mixed-use development to include office, research and development and light industrial uses. Other developers have expressed interest in development opportunities within this project area, however, none are under review by the Agency or City at this time.

Hensley Project Area. A total of 887 acres has been added to this project area as part of the 1999 Amendments. This new acreage is characterized by underutilized industrial parcels. Large commercial and industrial development are being considered for this site; however, no specific projects have been formally presented to the Agency or City for review and consideration. A number of large parcels are under contract or in preliminary site design development stage at this time.

Downtown Project Area. A total of 174 acres has been added to this project area as part of the 1999 Amendments. This new acreage is characterized primarily by older, single and two story commercial/retail buildings fronting Macdonald Avenue. New developments under consideration are comprised of in-fill projects and adaptive re use of existing buildings. A major project is now in the planning stages for the redevelopment of the former Wards/Toys-R-Us site at Macdonald Avenue and Interstate 80. The center has been vacant for several years. Target is planning a 150,000 square foot "Greatland" store format along with a major supermarket anchor. Complimentary junior anchors are being planned as well. Target's developer intends to develop the center as a regional destination that also serves as a much needed community commercial center in the central Richmond/Macdonald Avenue corridor.

Nevin Center Project Area. A total of 10 acres has been added to this project area as part of the 1999 Amendments. This new acreage is characterized by vacant lots, abandoned buildings and underutilized facilities. At present there are no private development plans pending for this project area.

Harbour Project Area. The 1,103-acre Harbour Project Area, shown on the Map denominated "VI Harbour," is located wholly within the Project Area. Historically, the Harbour Project Area consisted of Port of Richmond related commercial activities and industrial activities. Presently, it includes residential and commercial uses, marina, parks and research and development facilities and the port.

Development within the Harbour Project Area occurs pursuant to the Redevelopment Plan. In addition, development within the Marina Bay portion of the Harbour Project Area also occurs pursuant to (i) the Master Agreement, dated as of December 17, 1984, as amended (the "Master Agreement"), among the Agency, the City and Penterra Company, an Oklahoma corporation ("Penterra"), (ii) the Marina Bay Development Agreement, dated as of December 17, 1994, as amended (the "Development Agreement"

and, together with the Master Agreement, collectively, the "Penterra Agreements"), among the Agency, the City and Penterra. Effective March 1, 1996, Penterra assigned to Penterra LLC its remaining interests under the Master Agreement and the Development Agreement. For additional information regarding development within the Harbour Project Area, see "Development" below.

Within the Harbour Project Area, the Agency continues to construct public infrastructure and public facility improvements to stimulate new development, including the implementation of a public improvement program designed to complement the diversity of land users as well as providing a distinct identity for this area. Public improvements planned are the City's gateway design program, landscaping, signage, lighting, streets, bikeways and enhancement of existing parks and trails systems.

The Agency also continues to assist in the economic development of the Harbour Project Area by promoting the development of underutilized properties through rehabilitation and seismic upgrading, remediating certain properties located in the Harbour Project Area and assisting with offsite improvement.

Upon completion of the redevelopment project, estimated to occur in 2015, the Harbour Project Area will consist of Marina Bay, a water oriented community comprised of over 2,200 single family homes, townhouses and apartments, and commercial, industrial research and development and marine development, including a 1,500-berth pleasure boat marina. The balance of the Harbour Project Area will consist of office, commercial and light industrial space.

Development. Pursuant to the Redevelopment Plan, the following uses, together with appurtenant accessory uses and utility and public safety facilities, are permitted: port and industrial, commercial, residential and public use and open space. Within each of these uses, the Redevelopment Plan incorporates various criteria regarding future development, including (i) commercial use, permitting the establishment of retail stores, restaurants, parking facilities, parks and other consistent uses authorized by the Agency, (ii) residential use, limiting the overall average density to approximately 30 dwelling units per net useable acre, provided that such development is consistent with current optimum land planning standards, and setting the approximate number of dwelling units in the project area at 2,000 to 2,500, and (iii) public use and open space, requiring at least 135 acres of property within the project area to be devoted to public parks, landscaped areas, a boat marina and all other necessary ancillary uses.

To date, 2,000 residential units and approximately 800,000 square feet of commercial space within the Harbour Project Area have been developed pursuant to the Redevelopment Plan. At present, approximately 50 acres or approximately five percent of the property within the Harbour Project Area is vacant and is expected to be developed primarily for commercial use.

Penterra Agreements. Certain development within the Harbour Project Area, consisting of approximately 363 acres within the Richmond Inner Harbor Basin (Marina Bay) (the "Marina Bay Project Site"), is governed by the Master Agreement and the Development Agreement. Under the Master Agreement, Penterra LLC acts as the "Master Developer" of private development within the Marina Bay Project Site by its direct development of this property or by causing others to develop this property. The Master Agreement governs certain rights and obligations among Penterra LLC, the Agency and the City. The Development Agreement governs the development of the Marina Bay Project Site, including the installation of necessary improvements and the provision of public services appropriate to each stage of the development. The Penterra Agreements expire by their terms on December 31, 2009, unless extended or terminated by mutual agreement of the parties thereto.

To date, 2,000 residential units and approximately 400,000 square feet of commercial space within the Marina Bay project site have been developed pursuant to the Penterra Agreements.

While it is anticipated that additional projects will be developed by Penterra LLC under the Penterra Agreements, there can be no assurance that such projects will actually be developed. The north shore of Marina Bay is in the design review approval for a marina village of 54,000 square feet and up to 190 housing units.

Marina Bay has been the subject of environmental remediation as a result of its World War II shipyard activity. The Agency has reached settlement agreements with Penterra LLC and the United States Government. In addition, the Agency received a court ordered settlement with Kaiser.

The Regatta Center consists of a 49 acre complex including buildings for commercial and light industrial uses. The total proposed project area is approximately 2,165,700 square feet, including buildings (approximately 725,300 square feet), parking areas and road improvements (approximately 974,600 square feet) and landscaping (approximately 465,800 square feet). The first phase of this multi-phased development is located on the north side of Regatta Boulevard and includes 138,000 square feet of office flex space and is currently occupied by Lucent Technologies, DiCon Fiberoptics and other high-tech tenants. Construction of phase two of this development (see DiCon Fiberoptics Inc. Office Campus below), consisting of approximately 465,000 square feet of space, was completed in 2002. Phase three, the construction of approximately 100,000 square feet of space, has been postponed due to economic conditions.

Additional Development. New developments that are currently under construction or recently completed in the Project Area included in the Consultant Report, attached hereto as Appendix G, provide an additional source of Pledged Tax Revenues during the forecast period of the report. Since some of these projects are under development, there can be no assurance that the Pledged Tax Revenues forecast by the Consultant Report for these projects will actually be realized. See APPENDIX G hereto.

Dicon Fiberoptics Inc. Office Campus. Dicon has completed the initial phase of an office and research and development complex. The Phase I development includes 67,493 square feet of office use, 136,575 square feet in three research and development buildings, and 15,000 square feet of ancillary uses. The development began construction in July 2000 and was completed and occupied by Dicon in June 2002. The development was added to the tax roll for fiscal year 2002-03. Two additional phases, which have not been included in the tax increment projections, are planned to include 228,000 square feet of research and development uses.

Bay West Group. The construction of this office/flex project is complete and includes research and development and light industrial uses. This four building complex currently houses a national call center for a telecommunications company, a design firm, and a high-technology manufacturer of testing and calibration equipment. This complex has experienced high occupancy rates in spite of regional trends.

Marina Center. In June 2000, the Agency sold this property to a Bay Area developer. Construction has been completed on the rehabilitation of two existing industrial buildings with a total of 90,000 square feet. The Agency land sale added taxable value to the 2001-02 tax roll, with the rehabilitation of the buildings adding value in 2002-03. Future plans on the site include the construction of 180,000 square feet of new light industrial uses that have not been included in the projections.

There are three additional significant projects on the South Shoreline that are in the planning approval process and reflect the conversion of the area from heavy industrial to high-tech and residential. The historic 550,000 square foot Ford Assembly Building is being rehabilitated and redeveloped by the Agency. Rehabilitation has begun with the remediation of lead paint and asbestos contamination within the structure and with seismic stabilization. Building rehabilitation and repair will continue thorough the

Summer of 2003 and completion is expected by the end of 2003. The Agency is soliciting a developer to complete the project; it is expected that the building will be a mixed-use project to include office, retail, and residential uses. The second project is the former City Terminal One site located in the Brickyard Cove area. The 13.5 acre parcel will be developed by Toll Brothers as high-end residential units with San Francisco Bay views. The project is in the planning stage of development and is expected to be under construction in 2004. The third project is a high-end condominium development on the westshore of Marina Bay at the terminus of Marina Way South. A developer/builder is in final negotiations with the master developer for the construction of approximately 350 high-end condominium units. As this project is substantially entitled through the master development agreement, the project is expected to move forward rapidly with construction likely to commence in the Spring of 2003.

Taxable Values and Tax Increment Revenues

For the Project Area, set forth below in Table 1, Table 2, and Table 3, respectively are historical taxable values and tax increment revenues from fiscal years 1998-99 to 2002-03, the ten major property tax assessees and a projection of incremental tax revenue from fiscal years 2002-03 to 2024-25. Tax increment revenues may be reduced in the future as a result of a number of factors. See "BOND OWNERS' RISKS" herein.

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TABLE 1
Richmond Redevelopment Agency
Historical Taxable Values and Tax Increment Revenues
Project Area[1]

Description	1998/99	1999/00	% Change	[2] 2000/01	% Change [3]	2001/02	% Change	2002/03	% Change
Secured	394,554,156	425,083564	7.74%	656,603,680	N/A	732,909,329	11.62%	853,590,485	16.47%
Utility Roll	1,468,711	1,456,315	-0.84%	1,955,004	N/A	2,058,701	5.30%	1,905,016	-7.47%
Unsecured	67,462,964	67,306,204	-0.23%	74,355,864	N/A	92,397,288	24.26%	85,213,415	-7.77%
TOTAL VALUE	463,485,831	493,846,083	6.55%	732,914,548	N/A	827,365,318	12.89%	940,708,916	13.70%
Base Year Value	51,052,120	51,052,120		240,766,019		240,766,019		240,766,019	
Incremental Value	412,433,711	442,793,963		492,148,529		586,599,299		699,942,897	
Tax Incremental Levy	4,808,565	5,086,817		5,642,586		6,729,618		8,025,057	
Unitary Revenue	67,734	68,671		49,275		47,832		59,875	
TOTAL LEVY	$4,876,299	$5,155,488		$5,691,860		$6,777,450		$8,084,932	
Actual Receipts, less Supplemental Revenue	4,872,231	5,155,702		5,706,170		6,712,809		N/A	
PERCENTAGE OF LEVY	99.92%	100.00%		100.25%		99.05%		N/A	
Supplemental Revenues	224,593	175,944		382,448		350,922		N/A	
TOTAL RECEIPTS	5,096,824	5,331,646		6,088,618		7,063,730		N/A	
PERCENTAGE OF LEVY	104.52%	103.42%		106.97%		104.22%		N/A	

Total Percentage Assessed Value Change from 2000/01 to 2002/03[3]	28.35%
Average Percentage Assessed Value Change from 2000/01 to 2002/03[3]	13.29%
Average Receipts as a Percentage of Levy Without Supplementals (1998/99-2001-02)	99.76%
Average Receipts as a Percentage of Levy With Supplementals (1998/99-2001-02)	104.80%

(1) Includes the Harbour Project Area and the Added Areas. The 1995 Area has been excluded since it is below base.
(2) Beginning in 2000-01, the assessed value includes the Added Areas, since this was the first year those areas were eligible to receive tax increment. The percentage increase is overstated because of this and has not been shown
(3) The percentage increase has been shown since 2000-01, since this was when the Added Areas began to receive tax increment.
Source: Fraser & Associates

TABLE 2
Ten Major Property Tax Assessees
Project Area

Assessee	Types of Use	2002-03 Taxable Value[1]	% of Total Value[2]
Dicon Fiberoptics Inc.	Industrial	$74,899,124	7.96%
Security Capital Pacific Trust	Residential	43,687,991	4.64
California Oils Corporation	Industrial	31,866,622	3.39
BP West Coast Products LLC	Industrial	24,383,588	2.59
Tosco Corporation	Industrial	23,558,589	2.50
Richmond Marina Shores II	Residential	23,119,687	2.46
Gillette, Rafanelli & Nahas	Residential	23,016,444	2.45
Harbour Properties LLC	Industrial	20,992,820	2.23
Levin Metals Corporation	Industrial	19,058,489	2.03
Marina Cove Associates	Industrial	19,016,065	2.02
Total Valuation		**$303,599,419**	**32.27%**

[1] Based on ownership of locally-assessed secured and unsecured property.
[2] Based on 2002-03 Merged Project Area taxable value of $940,708,916.
Source: Fraser & Associates.

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TABLE 3
Richmond Redevelopment Agency
Projection of Incremental Tax Revenue
Project Area*
(000's Omitted)

Fiscal Year	Real[1] Property	New[2] Development	Total Real Property	Other[3] Property	Total Value	Value Over Base Of $240,766	Tax[4] Increment	Unitary[5] Revenue	Total Tax Increment Revenue	Property Tax[6] Admin Fee	Housing Set-Aside	AB 1290[7] Tax Sharing Payments	Senior [8] Harbour Debt Service	Pledged Tax Revenues
2002-2003	N/A	N/A	$870,314	$70,395	$940,709	$699,943	$8,025	$35	$8,060	$81	$1,596	$141	$2,337	$3,905
2003-2004	876,320	0	876,320	70,395	946,715	705,949	8,092	35	8,127	81	1,609	155	2,337	3,945
2004-2005	882,217	0	882,217	70,395	952,612	711,846	8,158	35	8,193	82	1,622	168	2,337	3,983
2005-2006	899,862	0	899,862	70,395	970,257	729,491	8,358	35	8,393	84	1,662	209	2,337	4,102
2006-2007	917,859	0	917,859	70,395	988,254	747,488	8,562	35	8,597	86	1,702	250	2,337	4,222
2007-2008	936,216	0	936,216	70,395	1,006,611	765,845	8,771	35	8,806	88	1,744	292	2,337	4,345
2008-2009	954,940	0	954,940	70,395	1,025,336	784,570	8,983	35	9,018	90	1,786	335	2,337	4,471
2009-2010	974,039	0	974,039	70,395	1,044,434	803,668	9,200	35	9,235	92	1,828	379	2,337	4,599
2010-2011	993,520	0	993,520	70,395	1,063,915	823,149	9,421	35	9,456	95	1,872	423	2,337	4,729
2011-2012	1,013,390	0	1,013,390	70,395	1,083,786	843,020	9,646	35	9,681	97	1,917	479	2,337	4,852
2012-2013	1,033,658	0	1,033,658	70,395	1,104,053	863,287	9,876	35	9,911	99	1,962	536	2,337	4,977
2013-2014	1,054,331	0	1,054,311	70,395	1,124,727	883,961	10,110	35	10,145	101	2,009	594	2,337	5,105
2014-2015	1,075,418	0	1,075,418	70,395	1,145,813	905,047	10,349	35	10,384	104	2,056	682	2,337	5,205
2015-2016	1,096,926	0	1,096,926	70,395	1,167,322	926,555	10,593	35	10,628	106	2,104	772	2,337	5,308
2016-2017	1,118,865	0	1,118,865	70,395	1,189,260	948,494	10,841	35	10,876	109	2,153	865	2,337	5,413
2017-2018	1,141,242	0	1,141,242	70,395	1,211,637	970,871	11,095	35	11,129	111	2,204	958	2,337	5,519
2018-2019	1,164,067	0	1,164,067	70,395	1,234,462	993,696	11,353	35	11,388	114	2,255	1,054	2,337	5,628
2019-2020	1,187,348	0	1,187,348	70,395	1,257,744	1,016,978	11,616	35	11,651	117	2,307	1,152	2,337	5,739
2020-2021	1,211,095	0	1,211,095	70,395	1,281,490	1,040,724	11,864	35	11,899	119	2,356	1,249	2,337	5,838
2021-2022	1,235,317	0	1,235,317	70,395	1,305,712	1,064,946	12,140	35	12,175	122	2,411	1,351	2,337	5,955
2022-2023	1,260,024	0	1,260,024	70,395	1,330,419	1,089,653	12,422	35	12,457	125	2,466	1,454	2,337	6,075
2023-2024	1,285,224	0	1,285,224	70,395	1,355,619	1,114,853	12,709	35	12,744	127	2,523	1,560	0	8,533
2024-2025	1,310,929	0	1,310,929	70,395	1,381,324	1,140,558	13,002	35	13,037	130	2,581	1,668	0	8,657

* Excludes the 1995 Area which is below base.

(1) Prior Year Real Property increased by 2 percent per year. Values for 2003-04 and 2004-05 reduced for open appeals.

(2) No New Development included in the analysis.

(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.

(4) Based on the application of Project Area tax rates to the total incremental taxable value.

(5) Based on amount reported by Contra Costa County for 2002-03.

(6) Property tax administration fees are based on 1.14 percent of tax increment, which is the percentage that such fees represented in 1999-2000.

(7) Tax sharing payments per AB 1290.

(8) Maximum annual debt service on the Senior Harbour Bonds.

Source: Fraser& Associates

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report for the Project Area (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated May 16, 2003. The Debt Report is included for general information purposes only. None of the City, the Authority or the Agency have reviewed the Debt Report for completeness or accuracy and makes no representations in connect herewith.

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Richmond Redevelopment Agency
Project Area

Statement of Direct and Overlapping Debt

2002-03 Assessed Valuation:	$1,061,883,753
Base Year Valuation:	361,940,856
Incremental Valuation:	$ 699,942,897

DIRECT DEBT:	% Applicable	Debt 5/1/03
Project 11A 1991 Refunding Tax Allocation Bonds	100. %	$ 1,045,000
Project 11A 1998 Refunding Tax Allocation Bonds	100.	21,747,779
TOTAL DIRECT DEBT		$22,792,779[1]

Ratio to Incremental Valuation: 3.26%

OVERLAPPING TAX AND ASSESSMENT DEBT:		
Contra Costa Community College District	1.077%	$ 538,500
West Contra Costa Unified School District	6.572	14,225,423
East Bay Municipal Utility District	0.348	16,652
East Bay Municipal Utility District, Special District No. 1	0.051	21,282
East Bay Regional Park	0.483	775,118
City of Richmond Community Facilities District No. 1998-1	100.	4,340,000
City of Richmond Harbor Navigation District, I.D. No. 1	72.839	1,362,089
City of Richmond I.D. No. 852	25.074	1,013,475
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$22,292,539
Less: East Bay Municipal Utility District		16,652
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$22,275,887

OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Contra Costa County General Fund Obligations	0.409%	$1,344,424
Contra Costa County Pension Obligations	0.409	2,470,912
Contra Costa County Board of Education Certificates of Participation	0.409	9,816
Alameda-Contra Costa Transit District Certificates of Participation	0.364	81,227
Contra Costa Community College District Certificates of Participation	0.409	5,706
West Contra Costa Unified School District Certificates of Participation	2.752	295,840
City of Richmond General Fund Obligations	5.021	2,571,730
City of Richmond Pension Obligations	5.021	1,489,229
Contra Costa County Mosquito Abatement District Certificates of Participation	0.409	3,333
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT		$8,272,217

GROSS COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	$53,357,535[2]
NET COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	$53,340,883

(1) Excludes the Bonds 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 2002-03 Assessed Valuation:
Gross Combined Total Direct and Overlapping Debt.....5.02%
Net Combined Total Direct and Overlapping Debt.....5.02%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/02: $0

Source: California Municipal Statistics, Inc

PROJECTED DEBT SERVICE COVERAGE

The following projected debt service coverage table presents the Pledged Tax Revenues, the 2000A Guaranty Payments, debt service on the Bonds and the debt service coverage ratio. There are no assurances that actual Pledged Tax Revenues will be equal to the amounts projected. See "BOND OWNERS' RISKS" herein.

TABLE 7
Richmond Joint Powers Financing Authority
Pledged Tax Revenues
Projected Debt Service Coverage

Fiscal Year	Pledged Tax Revenues	2000A Guaranty Payments	Series A Bonds Debt Service*	Series B Bonds Debt Service*	Total Debt Service*	Total Debt Service Coverage*
2002-2003	$3,905,000	$234,000	--	--	--	--
2003-2004	3,945,000	210,000	$ 643,523	$ 593,178	$1,236,700	3.02
2004-2005	3,983,000	184,000	643,523	593,178	1,236,700	3.07
2005-2006	4,102,000	161,000	643,523	593,178	1,236,700	3.19
2006-2007	4,222,000	133,000	643,523	593,178	1,236,700	3.31
2007-2008	4,345,000	109,000	1,078,523	908,178	1,986,700	2.13
2008-2009	4,471,000	80,000	1,078,518	907,940	1,986,458	2.21
2009-2010	4,599,000	56,000	1,076,948	906,565	1,983,513	2.29
2010-2011	4,729,000	34,000	1,078,525	908,835	1,987,360	2.36
2011-2012	4,852,000	7,000	1,078,485	909,660	1,988,145	2.44
2012-2013	4,977,000	0	1,077,480	909,148	1,986,628	2.51
2013-2014	5,105,000	0	1,080,230	907,618	1,987,848	2.57
2014-2015	5,205,000	0	1,081,510	905,040	1,986,550	2.62
2015-2016	5,308,000	0	1,076,530	906,385	1,982,915	2.68
2016-2017	5,413,000	0	1,080,163	906,390	1,986,553	2.72
2017-2018	5,519,000	0	1,077,253	905,240	1,982,493	2.78
2018-2019	5,628,000	0	1,417,953	1,170,800	2,588,753	2.17
2019-2020	5,739,000	0	1,419,045	1,166,280	2,585,325	2.22
2020-2021	5,838,000	0	1,418,090	1,169,940	2,588,030	2.26
2021-2022	5,955,000	0	1,420,088	1,166,260	2,586,348	2.30
2022-2023	6,075,000	0	1,419,810	1,170,500	2,590,310	2.35
2023-2024	8,533,000	0	2,492,258	1,992,140	4,484,398	1.90
2024-2025	8,657,000	0	2,493,518	1,993,540	4,487,058	1.93

* Preliminary, subject to change.

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BOND OWNERS' RISKS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating a purchase of the Bonds. However, they do not constitute an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following information are presented is not intended to reflect the relative importance of any such risks.

Concentration of Tax Base

A significant portion of the assessed value in the Project Area is attributable to relatively few assessees. In such an area, the failure or financial difficulty of one or more of such large developments could have a significant detrimental impact on their assessed value and consequently on the amount of the tax increment revenues allocable to the Project Area available to secure the Loan. See "PROJECTED DEBT SERVICE COVERAGE."

Estimates of Tax Increment Revenues

In estimating that the total tax increment to be received by the Agency will be sufficient to pay debt service on the Loan, the Agency and the Consultant relied on actual historical tax increment and made certain assumptions with regard to future assessed valuations in the Project Area, future tax rates and the percentage of taxes collected and the outcome of assessment appeals. See "THE PROJECT AREA – The Project Area" and "APPENDIX G." The Agency and the Consultant believe these assumptions are reasonable, but there is no assurance that these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the total tax increment available to pay debt service on the Loan will be reduced. Such reduced tax increment may be insufficient to provide for the payment of debt service on the Loan and hence the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Appeals and Other Reductions to Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. Assessment appeals may have a significant impact on the taxable value of property and therefor the tax increment revenue allocable to a project area.

In the County, a property owner desiring to reduce the assessed value of such property in any one year must submit an application to the Contra Costa County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of the application by the County Assessor's Office (the "Assessor"), the Assessor may (i) reduce the assessment through a roll correction, (ii) offer the property owner the opportunity to stipulate to a reduced assessment or (iii) confirm the assessment. In the County, any appeals where the difference between the current assessed value and the applicant's opinion of value is less than $1 million is handled administratively without a hearing before the Appeals Board. For appeals in this category, the Assessor's office staff may confirm or reduce the assessment with a roll correction. The applicant is notified of the results of the Assessor's action and requested to withdraw the appeal. The roll correction can either be a base year reduction where the value will not be reassessed until the property is sold or a reduction in value which can be reversed once the conditions creating the reduction (recession, property condition) have been remedied. If the applicant does not agree with the decision of the Assessor's office staff, the applicant can pursue the appeal before the Appeals Board for a hearing and decision. The Appeals Board

is generally required to determine the outcome of appeals within two years of the appeal filing date. The Appeals Board can confirm or reduce the assessment with a roll correction in the manner described above or agree to review the appeal within the two year time period.

Due to the impact that assessment appeals can have on the taxable values and tax increment revenues of a project area, a review of recently resolved and open appeals was conducted by the Consultant. The review revealed open appeals in the Project Area, as shown on the table below.

Open Appeals

Assessee	Roll Value	Estimated Resolved Value	Value Reduction
Catellus Development[(1)]	$24,748,689	$20,541,412	$4,207,277
Dicon Fiberoptics Inc.	74,899,124	62,166,273	12,732,851
Cemex / USA	2,359,053	1,958,014	401,039
FMC Corporation	1,916,950	1,591,069	325,882
Home Depot USA Inc.	9,869,322	8,191,537	1,677,785
CitiCorp North America I	831,288	689,969	141,319
Target Corp	14,790,000	12,275,700	2,514,300
Fadelli, Andrew	2,080,799	1,727,063	353,736
Total	**$131,495,225**	**$109,141,037**	**$22,354,188**

(1) Includes open appeals from 2001-02.

The Consultant has estimated the potential impact of the open appeals based on success factor ratios over the past three fiscal years in the Project Area. On average, 41 percent of applicants have been successful with appeals and have received a 40 percent reduction in value. Based on these success ratios, the Consultant has assumed a 17 percent decrease in value and a reduction in future taxable values in the Project Area by $22.4 million.

The County does not allocate refunds attributable to assessment appeals to redevelopment project areas. Therefore, the Consultant not reduced tax increment revenues for the impact of refunds.

In determining tax increment projections, the Consultant reduced taxable values in the Merged Project Area to account for the impact of open appeals in the 2003-04 and 2004-05 fiscal years. For additional information regarding assessment appeals, see APPENDIX G hereto.

Bankruptcy and Foreclosure

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

In addition, although bankruptcy proceedings would not cause *ad valorem* property taxes to become extinguished, bankruptcy of a property owner in the Merged Project Area could result in a delay in prosecuting superior court foreclosure proceedings of delinquent property and, in the absence of the Teeter Plan, could result in a delay in the receipt by the Agency of Pledged Tax Revenues. Such a delay, in the absence of the Teeter Plan, would increase the possibility of a delay or default in payment of the principal of and interest on the Bonds.

Investment Risk

All funds held under the Trust Agreement are required to be invested in Permitted Investments as provided under the Trust Agreement. See Appendix B attached hereto for a summary of the definition of Permitted Investments. The Special Fund, into which all Pledged Tax Revenues are initially deposited, may be invested by the Agency in Permitted Investments. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Trust Agreement or the Special Fund could have a material adverse affect on the security for the Bonds.

Development Risks

The Agency's ability to make payments on the Loan will be dependent upon the economic strength of the Merged Project Area. The general economy of those areas will be subject to all the risks generally associated with real estate development projects. Projected development within the areas may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the areas could be adversely affected by future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of the areas, the owners of property within the areas may be less able or less willing to make timely payments of property taxes causing a delay or cessation in receipt of tax revenues by the Agency.

Earthquake Risks

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 Merged Project Area. The most recent major earthquake was the 1989 Loma Prieta earthquake with a magnitude of 7.1 on the Richter scale. The epicenter was near Santa Cruz, approximately 65 miles south of the City. In addition to the San Andreas Fault, faults that could affect the Merged Project Area include the Hayward Fault and the Calaveras Fault in the central and eastern portions of Alameda County. 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 stoppage of receipt of tax increment revenues by the Agency.

Significant portions of the Harbour Project Area 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 this project area could sustain damage in a major seismic event from ground motion and liquefaction of underlying soils. This could result in a substantial reduction or suspension of receipt of tax increment revenues by the Agency from these areas.

Brownfields

Development in certain of the project areas is complicated by the presence or perceived presence of contaminants. These areas of contamination or suspected contamination are often referred to as "brownfields." The Agency has initiated a toxic remediation program, the goal of which is to convert brownfields into viable sites for development. For example, the Marina Bay development is a successful conversion of a brownfield area into vibrant commercial and residential development. However there can be no guarantee that similar efforts in other project areas will be successful. If hazardous substances cannot be removed or sufficiently remediated in a cost effective manner, the development proposed for a particular project area may never be realized and the Agency may not receive any tax increment revenues from such project area(s).

Levy and Collection of Taxes

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the Loan and on the Authority to pay debt service on the Bonds. In addition, the impact of bankruptcy proceedings on the legal ability of taxing agencies to collect property taxes could have an adverse effect on the Agency's ability to make timely Loan Payments.

Reductions in Inflationary Rate

Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent (2%) increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. For 2002-03 and future fiscal years, the Consultant used a 2% inflation factor increase real property values in the Project Area. The 2% factor is the maximum inflation factor that county assessor can use to increase real property values. In certain fiscal years, the inflation factor for certain constituent project areas has been less than 2% overall. Should inflation not reach 2% in the future, tax increment could be lower than projected for the Project Area. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.

State Budget

Faced with a projected $34.6 billion budget gap for fiscal year 2002-03, the State Legislature adopted as urgency legislation AB 1768, effective on September 30, 2002, which requires redevelopment agencies to pay into the Education Revenue Augmentation Fund ("ERAF") in fiscal year 2002-03 an aggregate amount of $75 million. AB 1768 requires the payment into ERAF in fiscal year 2002-03 only. Historically, an ERAF was established in connection with the Legislature's approval of State budgets for the 1992-93, 1993-94 and 1994-95 fiscal years. In such connection, legislation was enacted that, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the ERAF. The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas.

The Agency's contribution in fiscal year 2002-03 is $360,210, which the Agency has paid.

AB 1768 provides that one-half of the Agency's ERAF obligation is calculated based on the gross tax increment received by the Agency and the other one-half of the Agency's ERAF obligation is calculated based on net tax increment revenues (after any pass-through payments to other taxing entities). The Agency's contribution in fiscal year 2002-03 is $360,210, which the Agency has paid on May 10, 2003. The Agency's ERAF obligation in fiscal year 2002-03 will not impair the Agency's ability to pay debt service on the Bonds. The Agency cannot predict whether the State Legislature will enact legislation requiring deposits into ERAF in future years.

On January 10, 2003, the Governor introduced the proposed 2003-04 State Budget. In order to close the projected $34.6 billion budget shortfall in fiscal years 2002-03 and 2003-04 combined, the proposed 2003-04 State Budget consists of substantial cuts and reductions, tax increases, state-local program realignment, fun shifts, transfers/other revenues, and loans and borrowings. The Governor proposed, among other things, to transfer certain unencumbered Low and Moderate Housing Fund monies from every redevelopment agency in the State to the General Fund of the State. This proposal has been rejected by the State Senate, but it is possible that the final adopted 2003-04 State Budget will contain other shifts of funds from redevelopment agencies to the State. (For general discussion of the Low and Moderate Income Housing Fund, see "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Low and Moderate Income Housing Fund" below).

On May 14, 2003, the Governor released updated projections of State revenues and expenditures and a revision of the initial proposed 2003-04 State Budget (the "May Revision"), which increased the cumulative budget shortfall to $38.2 through fiscal year 2003-04. The May Revision proposes to close this gap with a total of $18.9 billion in cuts and savings, $6.9 billion in fund shifts, transfer and loans, $1.7 billion in program realignments to local government and $10.7 billion in deficit financing. The May Revision does not address the Governor's January proposal to transfer certain unencumbered Low and Moderate Housing Fund monies from redevelopment agencies in the State to the General Fund of the State. Although the Agency's Low and Moderate Income Housing Fund monies do not secure repayment of the Bonds and no specific proposals as to tax increment revenues have as yet been presented, the Agency cannot predict the impact current and future State fiscal shortfalls will have on Tax Increment Revenues.

On July 27, 2003, the State Senate passed a budget bill which provides for a one-time ERAF payment by redevelopment agencies in the aggregate amount of $250 million statewide in fiscal year 2003-04. The provisions of this ERAF payment are substantially the same as the provisions for the 2002-03 ERAF payment described above. The State Assembly, on July 29, 2003, adopted its own version of the budget which calls for a $135 million statewide ERAF shift in 2003-04, again with similar provisions to the 2002-03 ERAF payment described above. Under the Senate version, the Agency's share of the payment would be approximately $1.2 million and under the Assembly version, the payment would be approximately $650,000. In either case, the Agency expects to make this payment from existing cash reserves and tax increment revenue, and the Agency does not believe these payments will adversely affect its ability to pay debt service on the Bonds. Neither of the budget proposals passed by the Legislature call for any transfer of low- and moderate-income housing funds from redevelopment agencies. There can be no assurances that the State will not continue to experience budget gaps in the future.

Information about the State budget and State spending is regularly available at various State-maintained websites. Text of the budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

Parity Debt

As described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Issuance of Parity Debt," the Agency may issue or incur obligations payable from Pledged Tax Revenues on a parity with its pledge of Pledged Tax Revenues to payment of debt service on the Bonds. The existence of and the potential for such obligations increases the risks associated with the Agency's payment of debt service on the Bonds in the event of a decrease in the Agency's collection of Pledged Tax Revenues.

Changes in the Law

In addition to the other limitations on tax revenues described herein under "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" the California electorate or Legislature could adopt a constitutional or legislative change that decreases property taxes or the amount thereof allocable to the Agency with the effect of reducing tax revenues payable to the Agency. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce such tax revenues and adversely affect the security for the Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition and/or other amounts.

LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS

Article XIIIA of the California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as Proposition 13) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value', or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, a reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIIIA. Proposition 58 amends Article XIIIA to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children.

Proposition 60 amends Article XIIIA to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, and to transfer the old residence's assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

Challenges to Article XIIIA. On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (Amador Valley Joint Union High School District v. State Board of Equalization). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases. Since 1978, several cases have been decided interpreting various provisions of Article XIIIA; however, none of them have questioned the ability of redevelopment agencies to use tax allocation financing. The United States Supreme Court upheld the validity of the assessment procedures of Article XIIIA in Nordlinger v. Hahn.

The Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Agency's receipt of Pledged Tax Revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation. Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1.00 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility property assessed by the State Board of Equalization. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Litigation Relating to Property Assessments. On December 27, 2001, the Orange County Superior Court, in the case of County of Orange v. Orange County Assessment Appeals Board No. 3, case no. 00CC03385, ruled that where a home's market value did not increase for two years due to a flat real estate market, the Orange County assessor violated the provision of Article XIII A limiting the annual inflation adjustment to two percent when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by approximately four percent in a single year. The assessors in most California Counties, including County of Contra Costa, use a similar methodology in raising the taxable values of property beyond two percent in a single year, and the State Board of Equalization has approved this methodology for increasing assessed values in similar circumstances. On December 12, 2002, the court certified the case for class action status, with the class being all similarly affected owners of real property in Orange County. On January 30, 2003, the court ruled that the County's Treasurer-Tax Collector is required to send refund notices to all of the owners of real property within Orange County. However, the court's order has been put on hold pending appeal, which was filed by the county assessor on June 12, 2003. This case will go the State 4th District Court of Appeal, and if it is upheld on appeal, the decision could have far-reaching implications for the property tax system in California. The Agency

is unable to predict the outcome of this litigation and what effect, if any, it might have on assessed values in the Merged Project Area and on the Agency's property tax revenues.

Article XIIIB of the California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIIIB to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990 respectively, substantially modify Article XIIIB. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The initial version of Article XIIIB provided that the "base year" for establishing an appropriations limit was the 1978-79 fiscal year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in fiscal year 1990-91, each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitation of a local government under Article XIIIB generally include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to, all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State.

As amended by Proposition 111, Article XIIIB provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIIIB provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs.

Effective September 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of such agency within the meaning of Article XIIIB, nor shall such portion of taxes be deemed receipt of the proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678. The constitutionality of Section 33678 has been upheld in two California appellate court decisions, Brown v. Community Redevelopment Agency of the City of Santa Ana and Bell Community Redevelopment Agency v. Woosley. The plaintiff in Brown v. Community Redevelopment Agency of the City of Santa Ana petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding.

Articles XIIIC and XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of local entities of government to levy and collect both existing and future taxes, assessments, fees

and charges. Article XIIIC to the State Constitution provides that any tax assessment or charge may be repealed by the State's initiative process. However, since the Bonds are not payable from or secured by any such sources of revenue, Proposition 218 does not affect the issuance or sale of, or the security for, the Bonds.

Proposition 87

On November 8, 1988 the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on bonded indebtedness approved by the voters of the taxing entity after January 1, 1989 will be allocated to the taxing entity and not to the redevelopment agency. Because this provision is not retroactive, the Agency does not believe the provisions of Proposition 87 can have a material adverse effect on the ability of the Agency to pay debt service on the Bonds.

Further Initiatives

Article XIIIA, Article XIIIB and certain other propositions affecting property tax levies were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting the Pledged Tax Revenues or the Agency's ability to expend revenues.

Property Tax Collection Procedures

Classifications. In California, property that is subject to *ad valorem* taxation is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax that becomes a lien on secured property has priority over all other liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes that are delinquent.

Delinquencies. Except for property assessed by the State, the valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent after the following December 10 and April 10. Taxes on unsecured property are due January 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 at 5:00 p.m. and are subject to penalty; unsecured taxes added to roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Current tax payment practices by the County provide for payment to the Agency of tax revenues on a semiannual basis. Tax increment is allocated to the Agency based on one hundred percent (100%) of the calculated tax levy.

Penalty. A ten percent (10%) penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent are declared in default with respect to such property on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a $15 Redemption. Because the County allocates property taxes to the Agency based on one hundred percent (100%) of the tax levy, the County retains all such penalties and interest. See "– County Tax Loss Reserve Fund (Teeter Plan)" herein.

County Tax Loss Reserve Fund (Teeter Plan). The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code and has created a tax loss reserve fund (the "Tax Loss Reserve Fund"). Under the Teeter Plan, each participating local agency levying property taxes in the County receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency.

The Contra Costa County Auditor Controller reports that, to date, the Tax Loss Reserve Fund has proved adequate to meet all tax and special assessment delinquencies, with the effect that, each year, the City has received the full amount of taxes levied and assessment installments posted to the tax bill. There can be no guarantee, however, that the County Tax Loss Reserve Fund will continue to be sufficient to meet such delinquencies in the future. The County has the power to unilaterally discontinue the Teeter Plan on a countywide basis with respect to one or more categories, including general taxes, special taxes or special assessment installments. The Teeter Plan may also be discontinued by petition of two-thirds (2/3) of the participant taxing agencies.

Supplemental Assessments. A bill enacted in 1983, Senate Bill ("SB") 813 (Chapter 498, Statutes of 1983) provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction after the January 1 tax lien date. SB 813 may provide increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within the Project Area, tax revenues may increase.

Filing of Statement of Indebtedness. Under the Redevelopment Law, the Agency must file a statement of indebtedness for the Project Area with the County Auditor not later than the first day of October of each year. As described below, the statement of indebtedness controls the amount of tax increment which will be paid to the Agency in each fiscal year.

Each statement of indebtedness is filed on a form prescribed by the State Controller and specifies, among other matters, (i) the total amount of principal and interest payable on all loans, advances or indebtedness (including the Bonds and all Parity Obligations) (the "Debt"), both over the life of the Debt and for the current fiscal year, and (ii) the amount of "available revenue" as of the end of the previous fiscal year. "Available revenue" is calculated by subtracting the total payments on Debt during the previous fiscal year from the total revenues (both tax increment and other revenues) received during the previous fiscal year, plus any carry forward from the prior fiscal year. Available revenues include

amounts held by the Agency and irrevocably pledged to the payment of Debt, but do not include amounts in the Low and Moderate Income Housing Fund.

The County Auditor may only pay tax increment to the Agency in any fiscal year to the extent that the total remaining principal and interest on all Debt exceeds the amount of available revenues as shown on the statement of indebtedness.

The statement of indebtedness constitutes prima facie evidence of indebtedness of the Agency; however, the County Auditor may dispute the statement of indebtedness in certain cases. Section 33675 of the Redevelopment Law provides for certain time limits controlling any dispute of the statement of indebtedness, and allows a Superior Court determination of such dispute in the event it cannot be resolved by the Agency and the County. Any such action may only challenge the amount of the Debt as shown on the statement, and not the validity of any Debt or related contract or the expenditures related thereto. No challenge can be made to payments to a trustee in connection with a bond issue or payments to a public agency in connection with payments by that public agency with respect to a lease or bond issue.

Property Tax Administrative Charges. In 1990, the State Legislature enacted SB 2557 (Chapter 466, Statutes of 1990), now codified in Section 97.5 of the California Revenue and Taxation Code, which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Subsequent legislation clarified that the provisions of SB 2557 include redevelopment agencies as a local government agency which must pay such administrative costs. Since the enactment of SB 2557, the Agency has had its tax increment reduced by the County for its pro rata share of property tax administrative costs. The estimated SB 2557 charges to the Agency attributable to the Project Area for fiscal year 2002-03 is $80,600, which is one percent (1%) of fiscal year 2002-03 revenues.

Unitary Property

AB 2890 (Chapter 1457, Statutes of 1986) provides that, commencing with the 1988-89 fiscal year, assessed value derived from State assessed unitary property county wide is to be allocated as follows: (1) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (2) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State assessed property is changed from March 1 to January 1.

AB 454 (Chapter 921, Statutes of 1987) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State assessed unitary property, except for railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited. The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenues generated from the property assessed by the State Board of Equalization and administrative procedures have been determined by the County Auditor to implement the legislation.

AB 454 provided that revenues derived from Unitary Property, commencing with the 1988-89 fiscal year, will be allocated as follows: (1) for revenues generated from the one percent tax rate, (a) each jurisdiction, including project areas, will receive a percentage up to 102 percent of its prior year State-

assessed unitary revenue; and (b) if countywide revenues generated from Unitary Property are greater than 102 percent of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenues by a specified formula and (2) 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. This provision applies to all Unitary Property except railroads whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the method of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Litigation contesting the State Board of Equalization's procedures in determining the valuation of the seven largest utilities in the State has resulted in a stipulation between the State Board of Equalization and the utilities. According to the terms of the settlement, the valuations of the seven largest utilities declined by a total of 10.5%, and were phased in over a three year period.

The County Auditor has estimated that the Agency is qualified to receive approximately $34,700 of allocable tax revenues in fiscal year 2002-03 from unitary property tax revenues. To the extent unitary values decrease county-wide, the Agency's allocable tax revenues resulting from unitary assessments can be expected to decrease.

Low and Moderate Income Housing Fund

Pursuant to the Redevelopment Law, the Agency is generally required to set aside 20% of all tax increment received annually in a Low and Moderate Income Housing Fund to be used within the jurisdiction of the Agency to increase and improve the supply of low and moderate income housing. However, as provided in the Redevelopment Law, an agency may deposit less than the amount required under said section into a Low and Moderate Income Housing Fund if the agency makes a finding with respect to one or more of the following: (i) that no need exists in the community to improve or increase the supply of low and moderate income housing in a manner which would benefit the applicable project area, and that the finding is consistent with the housing element of the community's general plan required by the California Government Code; or (ii) that some stated percentage less than 20% of the taxes which are allocated to the agency pursuant to Section 33670 of the Redevelopment Law is sufficient to meet the housing needs of the community and that the finding is consistent with the housing element of the community's general plan required by the California Government Code.

For certain prior fiscal years, the Agency made one or more of the findings described above and determined that less than the full 20% of tax increment was required to be deposited into the Low and Moderate Income Housing Fund. An internal accounting performed by Agency staff in October 1997 indicated that for fiscal years 1993-94 through 1996-97 the Agency deposited less than the full amount required to be deposited into the Low and Moderate Income Housing Fund for all Agency project areas pursuant to the Redevelopment Law. Agency staff has certified, however, that expenditures from tax increment revenues for qualified low and moderate income housing purposes were made during those years which were not recorded in the Low and Moderate Income Housing Fund. In addition, the Agency transferred cash into the Low and Moderate Income Housing Fund from other Agency accounts representing certain prior year amounts which should have been recorded in the Low and Moderate Income Housing Fund during those years. The Agency treats those expenditures and transfers as if they were recorded in the Low and Moderate Income Housing Fund and has certified that no shortfall currently

exists in the Low and Moderate Income Housing Fund. See however, the auditor's findings set forth in "APPENDIX H – Audited Financial Statements of the Agency for the Fiscal Year Ending June 30, 2002" and "THE AGENCY – Financial Statements." These findings were made pursuant to the Redevelopment Law which was amended in 1999 to include the requirement that, as a part of the Agency's annual audit, the legislative body be informed of any major violations of the Redevelopment Law. Major violations include failure to: i) file an independent financial audit and fiscal statement; ii) establish time limits for each project area; iii) establish a low and moderate income housing fund and accrue interest to the fund; iv) initiate development of housing on real property acquired from moneys on deposit in the low and moderate income housing fund; and v) adopt an implementation plan.

The Agency's 1998-99 financial audit contained findings of possible major violations. On August 10, 2000, the California Attorney General's Office issued a letter stating that the Agency had submitted additional documentation to the State Controller's Office relating to the audit findings. Based on that documentation, the Attorney General confirmed that the Agency was in substantial compliance with the Redevelopment Law and that no major violations exist.

The Agency expects to continue to deposit the full 20% of tax increment into the Low and Moderate Income Housing Fund. The Redevelopment Law allows the Agency to make its required Low and Moderate Income Housing Fund deposits from any project area and does not require that each individual project area contribute its share of the requirement so long as in total the requirement is met. The Agency will make the 20% deposit from its project areas in the aggregate, but not necessarily on the basis of 20% from each individual project area. However, for purposes of projection of tax increment with respect to the Merged Project Area, the Consultant has assumed that the full 20% will be paid out of the tax increment generated in the Merged Project Area. The amount the Agency expects to deposit into the Low and Moderate Income Housing Fund is estimated to be $1,595,801. See "APPENDIX G – FISCAL CONSULTANT REPORT."

Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290)

AB 1290, among other things added Sections 33607.5 and 33607.7 to the Redevelopment Law. Section 33607.5, as subsequently amended, applies to redevelopment project areas that are adopted on or after January 1, 1994, or are amended on or after January 1, 1994 to include new territory. If the statutory payment requirements are triggered by an amendment to include new territory, the payments are required only with respect to the new territory. Commencing with the first fiscal year in which a redevelopment agency receives tax increments from an affected redevelopment project area and continuing through the last fiscal year in which the redevelopment agency receives such tax increments, a redevelopment agency is required to pay to the affected taxing entities, including the community that has adopted the redevelopment project area if the community elects to receive a payment, an amount equal to 25 percent of the tax increments received by the redevelopment agency after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted. Commencing with the 11th fiscal year in which the redevelopment agency receives such tax increments and continuing through the last fiscal year in which the redevelopment agency receives such tax increments, the redevelopment agency is required to pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid as described in the preceding sentence and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 21 percent of the portion of tax increments received by the redevelopment agency, which is calculated by applying the tax rate against the amount of assessed value by which the then current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the redevelopment project area in the 10th fiscal year in which the redevelopment agency receives affected tax increment revenues. Finally, commencing with the 31st fiscal year in which the redevelopment agency receives tax increments and continuing through the last fiscal year in which the redevelopment

agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, other than the community which adopted the project, in addition to the amounts paid pursuant to the previously described provisions, and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 14 percent of the portion of tax increments received by the redevelopment agency, which is calculated by applying the tax rate against the amount of assessed value by which the then current year assessed value exceeds the second adjusted base year assessed value. The second adjusted base year assessed value is the assessed value of the project area in the 30th fiscal year in which the redevelopment agency receives affected tax increments.

Section 33607.7 generally makes the requirement of payments of tax increment by a redevelopment agency to affected taxing entities applicable to redevelopment project areas for which the redevelopment plan is amended on or after January 1, 1994, to increase the limitation on the number of dollars to be allocated to the redevelopment agency or the time limit on loans, advances, and indebtedness established pursuant to certain provisions of the Redevelopment Law or that lengthens the period during which the redevelopment plan is effective unless the redevelopment agency and the affected taxing entity had prior to January 1, 1994, entered into an agreement requiring payments from the redevelopment agency to the affected taxing entity. The amount to be paid by the redevelopment agency is calculated by the amount of assessed value by which the then current year assessed value exceeds an adjusted base year assessed value. The adjusted base year assessed value is the assessed value of the project area in the year in which the limitation amended would have taken effect without the amendment or, if more than one limitation is amended, the first year in which one or more of the limitations would have taken effect without the amendment. The redevelopment agency is required to commence making payments in the first fiscal year following the fiscal year in which the adjusted base year value is determined.

Section 33607.5 permits a redevelopment agency to subordinate the payments required to be paid to an affected taxing entity to loans, bonds, or other indebtedness of the redevelopment agency, except loans or advances from the community which adopted the redevelopment project area, if the redevelopment agency obtains the consent of the affected taxing entity prior to incurring such indebtedness. The Agency's payments under Sections 33607.5 and 33607.7 have not been subordinated to the Agency's obligations under the Loan Agreement.

Pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, a total of $141,247 is estimated to be deducted from the Agency's fiscal year 2002-03 gross tax increment. See "APPENDIX G – FISCAL CONSULTANT REPORT."

SB 211

The California Legislature recently enacted SB 211, Chapter 741, Statutes 2001, effective January 1, 2002 ("SB 211"). SB 211 provides, among other things, that, at anytime after January 1, 2002, the limitation on incurring indebtedness contained in a redevelopment plan adopted prior to January 1, 1994, may be deleted by ordinance of the legislative body. However, such deletion will trigger statutory tax sharing with those taxing entities that do not have tax sharing agreements. Tax sharing will be calculated based on the increase in assessed valuation after the year in which the limitation would otherwise have become effective.

SB 211 also authorizes the amendment of a redevelopment plan adopted prior to January 1, 1994, in order to extend for not more than 10 years the effectiveness of the redevelopment plan and the time to receive tax increment revenues and to pay indebtedness. Any such extension must meet certain specified requirements, including the requirement that the redevelopment agency establish the existence of both physical and economic blight within a specified geographical area of the redevelopment project and that any additional tax increment revenues received by the redevelopment agency because of the extension be

used solely within the designated blighted area. SB 211 authorizes any affected taxing entity, the Department of Finance, or the Department of Housing and Community Development to request the Attorney General to participate in the proceedings to effect such extensions. It also would authorize the Attorney General to bring a civil action to challenge the validity of the proposed extensions.

SB 211 also prescribes additional requirements that a redevelopment agency would have to meet upon extending the time limit on the effectiveness of a redevelopment plan, including requiring an increased percentage of new and substantially rehabilitated dwelling units to be available at affordable housing cost to persons and families of low or moderate income prior to the termination of the effectiveness of the plan.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series A 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. Bond Counsel is of the further opinion that interest on the Series A 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. Interest on the Series B Bonds is not excluded from gross income for federal income tax purposes but, in the opinion of Bond Counsel, is exempt from State of California personal income taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

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

Series A Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at the 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 purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various requirements that must be met in order for interest on the Series A Bonds to be excluded from gross income for federal income tax purposes. The Authority and the Agency have made representations related to certain of these requirements and have covenanted to comply with certain of these requirements. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series A 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) after the date of issuance of the Series A Bonds may adversely affect the value of, or the tax status of the interest on, the Series A Bonds.

Certain requirements and procedures contained or referred to in the Trust Agreement, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series A Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

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

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Series A Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Series A Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Series A Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service ("IRS"), including but not limited to regulation, ruling, or selection of the Series A Bonds for audit examination, or the course or result of any IRS examination of the Series A Bonds, or obligations which present similar tax issues, will not affect the market price for the Series A Bonds.

NO LITIGATION

There is no litigation, now pending or, to the best knowledge of the Authority, threatened to restrain or enjoin the execution or delivery of the Bonds, the Trust Agreement or the Loan Agreement or in any way questioning or affecting the validity of the foregoing or any of the proceedings for the authorization, sale, execution or delivery of the Bonds.

UNDERWRITING

RBC Dain Rauscher Inc., as underwriter (the "Underwriter"), has agreed to purchase the Series A Bonds at a purchase price of $_____, which represents the par amount of the Series A Bonds, plus original issue premium of $_____, less an underwriting discount of $_____, plus accrued interest. The Underwriter has agreed to purchase the Series B Bonds at a purchase price of $_____, which represents the par amount of the Series A Bonds, plus original issue premium of $_____, less an underwriting discount of $_____, plus accrued interest.

The agreement pursuant to which the Underwriter purchased the Bonds provides that all of the Bonds must be if any of the Bonds are purchased. The obligations of the Underwriter to make such purchases are subject to certain terms and conditions. The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the inside cover page of Official Statement. The offering prices may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The Agency has covenanted on behalf of the Authority for the benefit of the Bondholders to provide certain financial information and operating data relating to the Agency by not later than 270 days after the end of the Agency's fiscal year (presently June 30) in each year commencing with its report for the 2002-03 fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Agency or the Dissemination Agent, if any, on behalf of the Agency with each Nationally Recognized Municipal Securities Information Repository and each State repository, if any. The notices of material events will be filed by the Agency or the Dissemination Agent, if any, on behalf of the Agency with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriters to comply with Securities and Exchange Commission Rule 15c2-12(b)(5). The specific nature of the information to be contained in the Annual Report or the notices of material events by the Agency is summarized in "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT." The Agency has not defaulted on its obligation to provide continuing disclosure about the Agency or any material events affecting its bonds under any existing Continuing Disclosure Agreement to which it is a party.

APPROVAL OF LEGALITY

Certain legal matters incident to the issuance of the Bonds will be approved by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, as Bond and Disclosure Counsel. Certain legal matters incident to the issuance of the Bonds will be passed upon for the Agency, the Authority and the City by Wayne Nishioka, the Acting City Attorney of the City of Richmond. Bond Counsel, Agency Counsel and Disclosure Counsel undertake no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

RATINGS

Standard & Poor's Ratings Services ("S&P") has assigned a rating of "AAA" to the Bonds, with the understanding that upon the delivery of the Bonds, the financial guaranty insurance policies will be issued by the Insurer. The Bonds have received an underlying rating of "A-" from S&P. Certain information was supplied to the rating agency by the City and the Agency to be considered in evaluating the Bonds. The ratings issued reflect only the views of such rating agency, and any explanation of the significance of such ratings should be obtained from S&P. No assurance can be given that any rating issued by the rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

MISCELLANEOUS

All summaries contained herein of the Trust Agreement, the Loan Agreement, applicable legislation, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority or the Agency for further information in

connection therewith. The Agency shall provide, upon request, annual audited financial statements when available.

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the Bond Owners or Beneficial Owners.

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The execution and delivery of this Official Statement has been duly authorized by the Authority and the Agency.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By:_____
Treasurer/Auditor

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF RICHMOND

General

The City of Richmond, California (the "City"), 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 and San Pablo Bay. The City is an important oil refining, industrial, commercial, transportation, shipping and government center. An active redevelopment program in the downtown and waterfront areas and commercial expansion in the City's Hilltop area, along the I-80 and I-580 Interstate Freeway corridors, and along the new Richmond Parkway, are adding substantially to the tax base.

Population

According to the 2000 U.S. Census, the City's population as of April 1, 2000 was 99,216. This is an increase of approximately 13% from the 1990 U.S. Census. The table below shows population data for the City and County as reported for the most recent U.S. Census periods and subsequent State estimates. The City's steady population rise since 1980 is due chiefly to the large number of new homes that have been built, principally in the El Sobrante, Hilltop, Brickyard Cove, Marina Bay, and City Center/Downtown areas.

POPULATION
CITY AND COUNTY

Census Year	City of Richmond	Contra Costa County
1940	23,642	100,000
1950	99,545	298,984
1960	71,854	409,030
1970	79,043	556,116
1980	74,676	657,252
1990	87,425	803,732
2000	99,216	948,816

Source: U.S. Census Bureau.

CITY AND COUNTY POPULATIONS 1999-03
STATE ESTIMATES
(rounded to nearest hundred)

Census Year	City of Richmond	Contra Costa County
1999	93,800	916,400
2000	99,216	948,816
2001	100,300	964,400
2002	101,000	980,900
2003	101,400	994,900

Source: California Department of Finance, Demographic Research Unit.

The City estimates that it had 36,099 housing units as of January 1, 2003. This represents a 4.5% overall increase in the City's housing stock over the 1990 Census number. Single family detached homes were estimated to be 56% of the total units as of January 1, 2003.

The 2002 Survey of Buyer Power (Sales & Marketing Management and Media Markets) estimated median household effective buying income (in 1983 dollars) at $42,365 for Richmond, with 78% of all households realizing annual effective buying incomes of $20,000 or more.

Assessed Valuation

The City utilizes the facilities of the County for the assessment and collection of property related taxes for City purposes. City property related taxes are assessed and collected at the same time and on the same tax rolls as are county, school, and special district taxes.

As previously discussed, pursuant to Article XIIIA of the California Constitution, annual increases in property valuations by the county assessor are limited to a maximum 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 values uniformly proportional to market values.

Business inventories are exempt from property taxation and are not included in the values shown in the following tables. Also excluded is the first $7,000 of the value of owner occupied residences, pursuant to the homeowners' exemption under State law.

"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.

Presented below are the 1997-98 through 2000-02 assessed valuations for the City.

CITY OF RICHMOND
HISTORY OF ASSESSED VALUATION
1997-98 THROUGH 2001-02

Total Fiscal Year	Assessed Valuation*
1997-98	$6,124,468,401
1998-99	6,255,102,785
1999-00	6,495,468,334
2000-01	6,873,053,040
2001-02	7,868,440,552

* Based on full cash value. Valuations include secured and unsecured property and redevelopment agency increments, the taxes on which are payable to such agencies having project areas within the City.
Source: Contra Costa County Auditor Controller.

CITY OF RICHMOND
SECURED TAX LEVIES AND DELINQUENCIES
1997-98 THROUGH 2001-02

Fiscal Year	Ending Tax Levy	Reimbursed Tax Levy	Percent Current Levy Delinquent June 30
1997-98	$18,053,411	$281,601	1.56%
1998-99	18,423,286	266,843	1.45
1999-00	19,063,710	268,866	1.41
2000-01	20,001,585	262,471	1.31
2001-02	22,626,173	326,531	1.44

Source: Contra Costa County Auditor Controller.

Property Taxation and Tax Rates

The County assesses real personal property values and collects and distributes secured and unsecured property taxes to the City, school districts and other special districts located within the City.

Taxes are levied for each fiscal year on taxable real and personal property that is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1, and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared to be in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one half percent per month to the time of redemption. If

taxes are unpaid for a period of five or more years, the tax defaulted property is declared to be subject to the County Treasurer-Tax Collector's power of sale and may be subsequently sold by the County Treasurer-Tax Collector.

Legislation established the "supplemental roll" in 1984 which directs the Assessor to reassess real property, at market value, on the date property changes ownership or upon completion of construction. Property on the supplemental roll is eligible for billing 30 days after the reassessment and notification to the assessee. The resultant charge (or refund) is a one time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of construction and the date of the next regular tax roll upon which the assessment is entered.

Billings of supplemental assessments are made on a monthly basis and due on the date mailed. If mailed between the months of July through October, the first installment becomes delinquent on June 10th and the second on April 10th. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month following the month of billing. The second installment becomes delinquent on the last day of the fourth month following the date the first installment was delinquent.

State law exempts from assessed valuation $7,000 of the full cash value of an owner-occupied residence, but this exemption does not result in any loss of revenue to local agencies, since an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State. As of Fiscal Year 1984-85, the State reimbursement with respect to business inventory exemption, which formerly had been in the amount of 50%, then 100%, was repealed. This subvention for cities has been replaced by increased motor vehicle license fees.

Property taxes on the unsecured roll are due as of January 1 lien date and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one and one half percent per month begins to accrue beginning November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (i) by filing a civil action against the taxpayer, (ii) by filing a certificate in the office of the City Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) by filing a certificate of delinquency for recordation in the City Recorder's office, in order to obtain a lien on certain property of the taxpayer; and (iv) by the seizure and sale of property, improvements or possessory interest, belonging to the taxpayer. These collection methods can be used separately or jointly.

On June 6, 1978, the voters of California approved an amendment (commonly known as both Proposition 13 and the Jarvis Gann Initiative) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other items, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors including general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two thirds of the votes cast by the voters voting on the proposition.

On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union High School District v. State*

Board of Equalization). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in property cases. In June 1992, the U.S. Supreme Court, in a 8-1 ruling, upheld Proposition 13.

Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this presentation (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Further assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve that tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The City is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California (the "State") to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Teeter Plan

The City is located within a county that is following 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) (the "Law"), commonly referred to as the "Teeter Plan."

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes and assessments are distributed to taxing agencies within a county included in the Teeter Plan on the basis of the 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 taxing agencies is avoided.

The valuation of property is determined as of January 1st each year and equal installments of tax levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due May 15 and become delinquent August 31.

Although the City receives its entire secured tax levy amount each year under the Teeter Plan, an indication of tax collection can be obtained from the history of collections of all entities levying taxes within the City limits. A history of these collections since 1997-98 and the entire County tax levies with delinquencies and tax losses reserve balances for the same period are shown in the following table as reported annually by the County Auditor.

CONTRA COSTA COUNTY
TAX LEVIES, DELINQUENCIES AND
TAX LOSSES RESERVE BALANCES

Fiscal Year Ended June 30	Total Current Year Tax Levy	Portion Current Levy Delinquent Year End	% Current Levy Delinquent Year End	Total Delinquent Taxes June 30	Tax Losses Reserve Balance June 30	Reserve as % of Delinquency
1997-98	$892,581,453	$15,547,736	1.74%	$37,200,417	$19,508,732	52%
1998-99	939,437,116	15,375,159	1.64	32,858,406	21,550,142	66
1999-00	981,579,866	15,904,158	1.62	31,563,440	23,054,893	73
2000-01	1,062,381,354	16,728,410	1.57	31,050,012	24,535,000	79
2001-02	1,187,173,140	20,551,776	1.73	33,941,546	26,735,236	79

Source: Contra Costa County Auditor-Controller.

Largest Taxpayers

Set forth below are the largest secured property taxpayers in the City for the 2002-03 fiscal year.

Property Owner	Primary Land Use	Assessed Valuation	Total
Chevron USA, Inc.	Industrial	$1,953,028,983	25.95%
Berlex Laboratories, Inc.	Industrial	134,024,979	1.78
Dicon Fiberoptics	Manufacturing	74,899,724	1.00
Richmond Association	Shopping Center	64,614,110	0.86
Watch Holding LLC	Apartments	55,014,227	0.73
Developers Diversified Real Estate	Shopping Center	47,443,683	0.63
Security Capital Pacific Trust	Apartments	43,687,991	0.58
Richmond Essex LP	Apartments	30,973,685	0.41
The Hearst Corporation	Industrial	30,046,341	0.40
California Fats & Oils Inc.	Industrial	29,905,265	0.40

Source: Richmond Finance Department.

Economic Structure

Overview of the Richmond Economy

The economy of the City of Richmond includes heavy and light manufacturing, distribution facilities, service industry, commercial centers, and a multi terminal shipping port on San Francisco Bay. Richmond also serves as a government center for West Contra Costa County.

The following table shows estimates and projections of employment by major economic sector in Richmond and its "sphere of influence area" prepared by the Association of Bay Area Governments ("ABAG"). ABAG's projections indicate that the services sector will expand steadily in the Richmond economy from 1995 to the year 2020, relative to the other economic sectors, while the manufacturing and retail sectors will each constitute a gradually shrinking proportional share of all jobs in Richmond's economy over the same 25 years. These estimates are derived from economic indicators, other economic information, and local policy surveys of local jurisdictions. There can be no assurance that these estimates and projections have been or will be accurate. Actual employment may substantially differ from these figures.

JOBS BY MAJOR ECONOMIC SECTORS IN RICHMOND SPHERE-OF-INFLUENCE AREA[1]: 1995, 2000, 2010 AND 2020

	1995		2000		2010		2020	
	Jobs	%	Jobs	%	Jobs	%	Jobs	%
Services	13,870	35.6	15,990	35.4	20,380	37.9	24,730	40.0
Mfg. & Wholesale	7,260	18.6	8,440	18.7	9,980	18.5	11,400	18.5
Retail Trade	5,440	14.0	6,440	14.3	6,720	12.5	7,010	11.3
Agricultural/Mining	580	1.5	610	1.4	650	1.2	660	1.1
Other[2]	11,830	30.3	13,630	30.2	16,090	29.9	17,990	29.1
TOTAL	38,980	100.0	45,110	100.0	53,820	100.0	61,790	100.0

(1) The City's sphere of influence includes territory immediately adjacent, but outside of the City limits, which may potentially be annexed to the City, and which has been identified as such by the County Local Agency Formation Commission. These areas include: County portion of North Richmond, El Sobrante and East Richmond Heights.

(2) Finance/insurance/real estate, government, transportation/communications/utilities, and construction.

Source: ABAG, Projections 98, December 1997.

Industrial Activity

Historically, the City has been viewed as a distribution center and a City of heavy industry, largely due to the visible presence of a major oil refinery, Chevron USA Richmond Refinery, and other major industries: Bio-Rad Laboratories, Pinole Point/Marwais Steel and the bulls liquid terminals in the Port of Richmond.

The City's economy has experienced growth in light and high technology companies and new business parks that accommodate both light industrial and "office/flex" 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 Chevron Clean Fuels Project upgraded and modified the refinery to meet 1995 U.S. Clean Air Act standards for cleaner burning gasoline ("reformulated gasoline"). The project also upgraded the fluidized catalytin cracking (FCC) unit, allowing the refinery to increase gasoline production by approximately 13 percent. Such plant upgrades and expansion do not make it less likely that there may be a decrease in employment in the manufacturing and petroleum sectors at some future time.

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

In 1992 Berlex Biosciences moved to the City, consolidating its Northern California and East Coast USA operations in one location. Berlex's corporate campus in the City functions as headquarters for Schering AG's U.S. operations. Berlex occupies 260,000 square feet of space on 53 acres purchased from Chevron Chemical Company. The company has committed to a $200 million investment in the City that eventually will include 720,000 square feet of additional space and several hundred new jobs at full build out. Berlex moved into its new clinical production facility (Phase IIA of the Berlex expansion) in 1996. The timing of other phases in Berlex's expansion is dependent on developments in the biosciences field generally.

Several other new high technology firms have located in the City, including Onyx Pharmaceuticals, DiCon Fiberoptics and the State Department of Health Services. These three companies have or are in the process of adding 900,000 square feet of office space and approximately 2,000 new employees.

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

1. The ongoing development and leasing of light industrial/business park property at Hilltop and along the relatively new I-580 freeway along Richmond's South Shoreline and the Richmond Parkway;
2. Availability of fairly extensive vacant or under utilized land areas zoned for industrial use;
3. Relatively lower land costs than elsewhere in the Bay Area;
4. Richmond's central location in western Contra Costa County, within a short distance of San Francisco, Oakland and other East Bay cities, Marin County, and a relatively easy commute to the State's capitol, Sacramento;
5. Proximity to the University of California at Berkeley, one of the major scientific universities and library systems in the world;
6. Good access and transportation (Richmond has two Interstate freeways as well as good rail and water transportation facilities, including Union Pacific and BNSF Railroads, Santa Fe western terminal, and the Port of Richmond); and
7. Availability of affordable housing for employees in a variety of neighborhoods, housing types and price ranges.

Completion of the John T. Knox Freeway (Interstate 580 extension from Interstate 80 at Albany to the Richmond San Rafael Bridge) has spurred new industrial and commercial development along the freeway corridor throughout Richmond's South Shoreline area. Another major roadway expected to generate new development is the Richmond Parkway, which links the northern edge of Richmond (Interstate 80 at Hilltop) and the City's southwest corner (the I-580 freeway) and the Richmond San Rafael Bridge. The Parkway was completed in the end of 1996 and has opened up for development a large industrially zoned area in northwest Richmond that has remained largely underdeveloped due to poor access. At this time, all available land in the Richmond Parkway Area is either under contract, in the planning process or under construction:

Summary of Major Industrial/Commercial Investments

Major industrial and commercial investments in the City totaled approximately $226,000,000 million in 1998-2002, representing 1,925,000 square feet of new building space and 500,000 of rehabilitated space (see following table).

MAJOR INDUSTRIAL/COMMERCIAL INVESTMENTS IN RICHMOND, CALIFORNIA 1998-2002*

Project	Sector	Investment (In Millions)	Square Feet
Marina Center	R&D	$13.4	90,000
Bay West Business Center	R&D	30	200,000
DICON	R&D	75	24,000
Virtual Development	R&D	15	100,000
DMS	R&D	State Owned	465,000
Pinole Pt. Business Park	R&D	18	140,000
Hilltop Plaza	Retail	10	135,000
Hilltop Cinema	Entertainment	10	50,000
Ford Assembly Plant	Mixed Use	55	500,000

* Does not include housing investments.
Source: Richmond Planning Department.

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Employment

The City's major employers as of January 1, 2003 are listed in the following table.

MAJOR EMPLOYERS IN RICHMOND, CALIFORNIA[1]

Manufacturing Companies	Employment	Products
Chevron U.S.A., Inc. Refinery	1,646	Petrochemicals
West Contra Costa Unified School District	1,271	Public schools
Social Security Payment Center	1,260	Federal government
City of Richmond	1,189	City government
Chevron Research & Technology	1,061	Petrochemicals research
U.S. Postal Service Bulk Mail Center	1,007	Bulk mail
United Parcel Service (UPS)	950	Mailing distribution center
Berlex Laboratories, Inc.	466	Pharmaceutical products
U. C. Berkeley Field Station	440	Research/education
Permanente Medical Group	437	Medical services
Bio Rad Laboratories, Inc.	312	Biotechnology
Safeway Stores, Inc.	300	Grocery/distribution
PG&E Richmond Service Center	299	Gas and electric utilities
Grace Baking Co.	269	Food Product/Production
Veriflo Corporation	260	Valves/regulators
Burlington Northern Santa Fe Railway	250	Railroad terminal
MSC/Pinole Point Steel Inc. /Pre finish Metals Inc.	243	Steel fabrication
Macy's Hilltop	240	Department store
Kensington Laboratories	196	Instrument and RLTD Production
Ford Motor Co.	194	Auto parts

[1] Employment figures are from City business license records current as of January 2003 and (for public and other non licensed employers) from a telephone survey in January 2003. Numbers represent total workforce in Richmond and include full time and part time employees.

Source: Richmond Finance Department.

The following table sets forth the civilian labor force unemployment data for the resident population, age 16 and over, of the City, the State of California and the United States for the years 1998 to 2002.

LABOR FORCE ANNUAL AVERAGE UNEMPLOYMENT RATES RICHMOND, STATE OF CALIFORNIA AND UNITED STATES 1998-2002[1]

Year	Richmond	California	United States
1998	6.9%	5.9%	4.5%
1999	5.8	5.2	4.2
2000	5.3	4.9	4.0
2001	6.3	5.4	4.8
2002	9.8	6.7	--[2]

[1] Unemployment rate percentages have not been seasonally adjusted.

[2] Data not available.

Source: State of California, Employment Development Department, Labor Market Information Division; U.S. Department of Labor, Bureau of Labor Statistics.

Commercial Activity

Hilltop Mall regional shopping center represents one portion of the 950-acre master planned Hilltop community being developed. Other components in the master planned community include a hotel, a 1.1 million square foot office park, an industrial park, and extensive residential areas. More than 1,640 homes and an estimated 600,000 square feet of light industrial/business park space have been built at Hilltop. Currently another 688 new homes are under construction at Hilltop in two separate developments (Park Ridge, 645 units, and Hilltop Lake Overlook, 43 units). Park Ridge, currently in the project approval process, represents the first stages of development in the Hilltop West Area. The retail and office commercial build out potential is estimated at over 700,000 square feet, and the office/industrial flex potential is estimated at 175,000 square feet.

The Hilltop Mall shopping center is Richmond's principal retail center. Since its opening in 1976, Hilltop has developed into a regional retail center. According to Hilltop's own sources, between 3,000 and 5,000 persons are employed at the shopping center, most of whom are in retail trade employment. Hilltop is anchored by three large department stores: Macy's, J.C. Penney's and Sears. An auto plaza are also located near the shopping mall. The new 200,000 square foot Hilltop Plaza Shopping Center is directly east of Hilltop Mall, right at the new Richmond Parkway Interchange at I-80.

Marina Bay on Richmond's South Shoreline is the site of another large scale master planned development. A planned community with an eventual 3,000 housing units and 5,000 to 6,000 residents, it is being developed around a sheltered water basin holding a large pleasure boat marina. The area started its transformation from a shipyard and industrial site in 1980 with the construction of a 500 berth marina and a formal esplanade and shoreline beach park. As of June 2003, approximately 2,200 residential units had been constructed at Marina Bay, as well as 400,000 square feet of commercial office/business park space and 775 boat berths. Upon completion, expected around the year 2005, Marina Bay will include 1,400 boat berths, 3,000 homes, 650,000 to 700,000 square feet of commercial space, a yacht club, several parks, more than four miles of trails, and the esplanade. Total investment is estimated at $450 million, of which an estimated 80% will have come from private funds.

Also near the I-580 Freeway, the Point Richmond Tech Center I and II, consisting of approximately 225,000 square feet of office/research and development space have been constructed. In addition, the Point Richmond Business Park (Simeon Properties) consisting of 95,000 square feet was built in 1991 on Canal Boulevard, south of Cutting Boulevard and the I-580 Freeway.

Development activity in Richmond's South Shoreline and Marina Bay areas has accelerated in recent years. Catellus Development Corporation has completed construction of Phase I of its 50 acre Regatta Center development at Marina Bay. The property is located on the north side of Regatta Boulevard affil includes 138,000 square feet of office flex space. Phase I of the development is currently occupied by Lucent Technologies, DiCon Fiberoptics and other high tech tenants. In June 2002, construction was completed on Phase B of the Development with a 865,000 square foot campus for DiCon Fiberoptics. In addition, All Aboard Storage completed a five acre development located between two railroad tracks. The last five acre parcel is being considered for Class A office space. Upon completion, Regatta Center will contain approximately 800,000 square fit of office/flex and research and development space.

Lincoln Property Company financed over $500,000 in improvements to the 340,000 square foot former Costco site on Regatta Boulevard. In 1997, Shoe Pavilion, Inc. moved its corporate headquarters and distribution center from Bellevue, Washington into the former Costco facility. Marina Westshore Partners, LLC, the nominee of the Penterra Company, the Marina Hay master developer, has taken out permits for the Marina Bay West Shore office/commercial and light industrial development, consisting of approximately 10.6 acres and over 200,000 square feet of new building space. The City and the Penterra

Company are developing a joint marketing study for the Marina Bay Northshore area, focusing on its potential for marina oriented commercial development.

There are two additional significant projects on the South Shoreline that are in the planning approval process and reflect the conversion of the are from heavy industrial to high tech and residential. The historic 550,000 square foot Ford Assembly Building is being developed by the Agency for 250 live/work units and 180,000 square feet of office with the possibility of an additional 185,000 square feet of additional development. Construction began in August of 2002. The second project is the former City Terminal One site located in the Brickyard Cove area. The 13.5 acre parcel will be developed by Toll Brothers as higher priced residential units with San Francisco Bay views. The project is in the planning process.

BUILDING PERMITS & VALUATION
RICHMOND, CALIFORNIA 1998-2002

Year	Number of Permits	Value (in Millions of Dollars)
1998	1,957	$ 68.4
1999	1,893	100.5
2000	1,979	165.7
2001	1,860	117.8
2002	2,006	101.1

Source: Richmond Public Works Department, Building Regulations Division.

The following table illustrates the breakdown of permit valuation of type of construction. New residential construction has been the largest category of new building.

CITY OF RICHMOND
BUILDING PERMIT VALUATION BY TYPE OF CONSTRUCTION 1998-2002
(In Thousands of Dollars)

Type	1998	1999	2000	2001	2002
Residential	$9,271	$25,978	$75,403	$37,705	$52,134
Commercial	4,414	10,875	30,324	8,219	4,072
Industrial	6,514	13,712	4,095	3,750	0
Other*	2,800	2,385	200	0	380
Total	$22,999	$52,590	$110,122	$49,674	$56,586

* New non-residential permits.
Source: Richmond Public Works Department, Building Regulations Division.

The table below illustrates the annual totals of new residential housing units completed each year in Richmond. A total of 568 housing units were built between 1998-2002, an average of 114 per year.

NEW HOUSING UNITS CONSTRUCTED & PERMITS ISSUED
RICHMOND, CALIFORNIA 1998-2002

Year	Number of Units Constructed	Number of New Unit Permit Issued*
1998	120	71
1999	101	267
2000	74	685
2001	147	209
2002	126	279

* Reflects number of permits issued for the total number of new residential structures but does not necessarily reflect the number of permits issued for new units (e.g., only one permit is issued to construct a new triplex).
Source: Richmond Public Works Department, Building Regulations Division.

Community Facilities

Richmond area residents have access to some of the Bay Area's most modern health care facilities. The Richmond area has two general hospitals, Doctors Hospital in San Pablo and Doctors Hospital in Pinole – both next door to Richmond-plus the newly constructed $100 million Kaiser Hospital Facility. 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. Three 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 playlots and mini parks, and seven community centers.

In addition, the City operates a disabled people's recreation center, an instrumental 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.

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:

Preserve	Acres
Wildcat Canyon Regional Park	2,428
Brooks Island Regional Shoreline	373
George Miller Jr./John T. Knox Regional Shoreline	300
Point Isabel Regional Shoreline	21
Point Pinole Regional Shoreline	2,315
Sobrante Ridge Regional Preserve	277
TOTAL	5,714

One additional park land 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 represents 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.

Central Location

The City is situated near major metropolitan cities and major new growth areas. San Francisco is within 35 minutes by freeway; Oakland is within 20 minutes; San Jose is approximately one hour's drive to the south; the state capitol, Sacramento, is approximately 90 minutes to the east. Central Marin County is approximately 15 minutes from the City over the Richmond-San Rafael Bridge. The freeway system provides access to major new growth areas along Interstate 80 to Vallejo, Fairfield and Sacramento, and to the central Contra Costa and Alameda County urban corridor along Interstate 680, stretching from Concord to Pleasanton. The population within a 70 mile radius of the City is approximately 8.5 million, and within a 30-mile radius the population is over 5.5 million.

Port and Rail

The City's deep water port is California's third largest in annual tonnage, handling more than 20.8 million metric tons of general, liquid and dry bulk commodities each year, over 90% of which is in bulk liquids. The Port of Richmond (the "Port") contains seven City owned terminals, 5 dry docks and 11 privately owned terminals. Private terminals are responsible for almost 95% of the Port's annual tonnage. On dock rail service is provided to many port terminals by the Burlington Northern Santa Fe ("BNSF") and the Union Pacific. The Port, together with the BNSF operations, serve as a highly developed international rail facility. The John T. Knox Freeway has enhanced truck access to the Port.

The Port handles a widely varied assortment of cargoes, although over 90% of the annual tonnage is in liquid bulk cargo, most of which is shipped through the Chevron Terminal. Principal liquid bulk cargoes are petroleum and petroleum products, chemicals and petrochemicals, coconut oil and other vegetable oils, tallow and molasses. Dry bulk commodities include coal, gypsum, iron, ore, cement, logs and various mineral products. Automobiles, agricultural vehicles, steel products, scrap metals, and other diversified break bulk cargoes are also a significant part of the Port's business.

Regional Airports

Oakland International Airport (18 miles away) and San Francisco International Airport (28 miles away) provide the City with world-wide passenger and freight service. In addition, Concord's Buchanan Field, in central Contra Costa County, is 25 miles to the east and provides limited scheduled service and general aviation services.

Freeway Network

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 and Sacramento. The John T. Knox Freeway (I-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 I-80, while opening major tracts of land along the City's north shoreline for new development.

Public Transit

The public is served by the 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; Greyhound provides intercity bus service; and AC Transit offers local bus service within the City, to other East Bay communities and to San Francisco.

Utilities

Utility services to the City are supplied by the following:

Electric power:	Pacific Gas & Electric Co.
Natural gas:	Pacific Gas & Electric Co.
Telephone:	Pacific Bell
Water:	East Bay Municipal Utility District
Sewer:	West Contra Costa Sanitary District, Richmond Municipal Sewer District, and Stege Sanitary District

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APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

Certain provisions of the Trust Agreement and the Loan Agreement not previously discussed in this Official Statement are summarized below. These summaries do not purport to be complete or definitive and are qualified in their entirety by reference to the full terms of the documents. Complete copies of the documents are available upon request from the Trustee.

CERTAIN DEFINITIONS

Act
The term "Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

Agency
The term "Agency" means the Richmond Redevelopment Agency, a public body, corporate and politic, organized and existing pursuant to the Law.

Annual Debt Service; Average Annual Debt Service; Maximum Annual Debt Service.
The term "Annual Debt Service" means, for each Bond Year, the sum of (1) the interest (including any compound interest) payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled, (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year (together with the redemption premiums, if any, thereon), and (3) the minimum amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

The term "Average Annual Debt Service" means the average Bond Year Annual Debt Service over all Bond Years.

The term "Maximum Annual Debt Service" means the largest Annual Debt Service during the period from the date of such determination through the final maturity date of any Outstanding Bonds.

Authority
The term "Authority" means the Richmond Joint Powers Financing Authority created pursuant to the Act and its successors and assigns.

Bond Insurer
The term "Bond Insurer" means MBIA Insurance Corporation as issuer of the Municipal Bond Insurance Policy, the Series 2003A Reserve Surety and the Series 2003B Reserve Surety.

Bonds, Serial Bonds, Series 2003A Bonds, Series 2003B Bonds, Term Bonds
The term "Bonds" means the Series 2003A Bonds and the Series 2003B Bonds authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement.

The term "Serial Bonds" means Bonds for which no sinking fund payments are provided.

The term "Series 2003A Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) issued pursuant to the Trust Agreement.

The term "Series 2003B Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable) issued pursuant to the Trust Agreement.

The term "Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Year
The term "Bond Year" means the twelve-month period ending on September 1 of each year to which reference is made.

Business Day
The term "Business Day" means any day other than a Saturday or Sunday or day upon which the Trustee is authorized by law to remain closed.

Certificate of the Authority
The term "Certificate of the Authority" means an instrument in writing signed by or on behalf of the Authority by its President, Vice President, Executive Director or Treasurer/Auditor, or by any other officer of the Authority duly authorized by the governing board of the Authority to sign documents on its behalf under the Trust Agreement.

City
The term "City" means the City of Richmond, a charter city and municipal corporation duly organized and existing pursuant to its Charter and the Constitution of the State.

City Note
The term "City Note" means that certain existing promissory note executed by the Agency in the approximate amount of $24,000,000 evidencing indebtedness of the Agency to the City for amounts advanced to the Agency by the City for the purpose of financing redevelopment activities.

Code
The term "Code" means the Internal Revenue Code of 1986, as amended.

Community
The term "Community means the City of Richmond, California.

Costs of Issuance
The term "Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Agency or the Authority and related to the authorization, execution and delivery of the Loan Agreement, the Trust Agreement, the Continuing Disclosure Agreement and the sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the underwriter, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other cost, charge or fee in connection with the original execution and delivery of the Bonds.

Costs of Issuance Fund
The term "Costs of Issuance Fund" means the fund by that name established pursuant to the Trust Agreement.

County
The term "County" means Contra Costa County.

Debt Service
The term "Debt Service" means, for any Fiscal Year, the sum of (A) the Loan Payments due and payable under the Loan Agreement during such Fiscal Year, plus (B) any Parity Debt Service payable during such Fiscal Year.

Defeasance Securities
The term "Defeasance Securities" means, to the extent permitted by State law, the following obligations which may be used as permitted investments to defease Outstanding Bonds:

(1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation).

(2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGs").

(3) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury) the United States of America.

(4) The interest component of Resolution Funding Corporation (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form.

(5) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's. If the issue is rated solely by Standard & Poor's, the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipal bonds.

(6) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America.

a. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership

b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership

c. Federal Financing Bank

d. General Services Administration
Participation certificates

e. U.S. Maritime Administration
Guaranteed Title XI financing

f. U.S. Department of Housing and Urban Development
Project Notes
Local Authority Bonds
New Communities Debentures
U.S. Public Housing Notes and Bonds

Financial Guaranty Agreement
The term "Financial Guaranty Agreement" means that certain Financial Guaranty Agreement, dated as of the date set forth in the Trust Agreement, by and between the Authority and the Bond Insurer providing for the issuance of the Series 2003A Reserve Surety and the Series 2003B Reserve Surety.

Fiscal Year
The term "Fiscal Year" means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with applicable law.

Holder
The term "Holder" means any person who shall be the registered owner of any Outstanding Bond.

Independent Consultant
The term "Independent Consultant" means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies, acceptable to the Authority and the Trustee and appointed and paid by the Agency, and who, or each of whom:

(1) is in fact independent and not under the domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

Interest Payment Date
The term "Interest Payment Date" means a date on which interest is due on the Bonds, being September 1 and March 1 of each year commencing on March 1, 2004.

Law
The term "Law" means the Community Redevelopment Law of the State of California (being Part I of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto.

Loan
The term "Loan" means the loan made by the Authority to the Agency and evidenced by the Loan Agreement.

Loan Agreement
The term "Loan Agreement" means the Loan Agreement, dated as of August 1, 2003, between the Authority and the Agency, under which the Loan is made, as originally entered into or as amended pursuant to the provisions of the Loan Agreement.

Loan Funds
The term "Loan Funds" means the moneys provided by the Authority to the Agency pursuant to the Loan Agreement to finance the Agency's redevelopment activities.

Loan Payments
The term "Loan Payments" means the loan repayment installments required to be paid under the Loan Agreement.

Maximum Annual Debt Service
The term "Maximum Annual Debt Service" means as of the date of calculation, the greatest total Debt Service payable in any Fiscal Year during the period commencing with the then current Fiscal Year and terminating with the Fiscal Year in which the last payments are due under the Loan Agreement.

Municipal Bond Insurance Policy
The term "Municipal Bond Insurance Policy" means the bond insurance policy issued by the Bond Insurer insuring the payment when due of the interest on and principal of the Bonds.

Opinion of Counsel
The term "Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

Outstanding
The term "Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of the Trust Agreement; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority.

Pass-Through Payments
The term "Pass-Through Payments" means all payments required to be paid in each Fiscal Year to any Taxing Agencies pursuant to the Law with respect to the Project Area, but only to the extent that such payments are not subordinated to the payment of Debt Service.

Parity Debt
The term "Parity Debt" means (i) the Series 2000A Guaranty Payments under the Post-2004 Guaranty Agreement

and (ii) any other loan, bond, note, advance, installment sale agreement, or other evidence of indebtedness or capital lease payable from and secured by a lien on the Pledged Tax Revenues on a parity with the Loan, issued or incurred pursuant to and in accordance with the provisions of the Loan Agreement.

Parity Debt Instrument
The term "Parity Debt Instrument" means any resolution, loan agreement, capital lease, installment sale agreement, trust agreement or other instrument under which any Parity Debt is issued or incurred.

Parity Debt Service
The term "Parity Debt Service" means for any Fiscal Year, the sum of (a) the interest due and payable during such Fiscal Year under any and all outstanding Parity Debt, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments on any Parity Debt are made as scheduled; (b) that portion of the principal amount due all outstanding Parity Debt maturing during such Fiscal Year; and (c) that portion of the principal amount of all such outstanding Parity Debt required to be redeemed or paid (together with the redemption premiums, if any, thereof) during such Fiscal Year. Parity Debt Service shall not include (a) interest on Parity Debt which is to be paid from amounts constituting capitalized interest or (b) interest on or principal of Parity Debt payable from the proceeds of any Parity Debt required to remain unexpended and to be held in escrow pursuant to the terms of a Parity Debt Instrument, provided that each escrow complies with the terms of the Loan Agreement. For purposes of calculating Parity Debt Service with respect to the Post-2004 Guaranty Agreement, the maximum amount of Series 2000A Guaranty Payments payable thereunder shall be assumed to be required to be paid in each Fiscal Year.

Permitted Investments
The term "Permitted Investments" means to the extent permitted by State law, the following obligations which may be used as permitted investments for all purposes in refunding escrow accounts:

(1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the next paragraph).

(2) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury) the United States of America. In the event these securities are used for defeasance, they shall be non-callable and non-prepayable.

(3) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America.

a. U.S. Export-Import Bank (Eximbank)
b. Farmers Home Administration (FmHA)
c. Federal Financing Bank
d. General Services Administration
e. U.S. Maritime Administration
f. U.S. Department of Housing and Urban Development (PHAs)
g. General Services Administration
h. Government National Mortgage Association (GNMA)
i. Federal Housing Administration Debentures (FHA)

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

a. Senior debt obligations rated in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).

b. Senior debt obligations of the Federal Home Loan Bank System.

c. Senior debt obligations of the Student Loan Marketing Association.

d. Obligations of the Resolution Funding Corporation (REFCORP).

e. Consolidated systemwide bonds and notes of the Farm Credit System.

(5) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which either (a) have a rating in one of the two highest short-term rating categories of at least two nationally recognized rating agencies, (b) are insured at all times by the Federal Deposit Insurance Corporation, or (c) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank).

(6) Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized rating agencies and which matures not more than 270 days after the date of purchase.

(7) Investments in (a) money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least two nationally recognized rating agencies including any such funds for which the Trustee or an affiliate provides investment management or other services and (b) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the Issuer's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least two nationally recognized rating agencies.

(8) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

a. which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least two nationally recognized rating agencies; or

b. (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow 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 maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and

(ii)which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(9) General obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

(10) Investment agreements meeting the Bond Insurer's Minimum Requirements for Investment Agreements then in effect or otherwise approved in writing by the Bond Insurer.

(11) Other forms of investments (including repurchase agreements) approved in writing by the Bond

Insurer.

(12) Funds invested in the Local Agency Investment Fund (as that term is defined in Section 16429.1 of the California Government Code, as such section may be amended or recodified from time to time) to the extent deposits and withdrawals may be made by the Trustee.

(13) Certificates of deposit secured at all times by collateral described in (2) and/or (3) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

The value of the above investments, other than cash, shall be determined as follows:

"Value," which shall be determined as of the end of the month, means "fair market value," which may be determined using a computer pricing service including any service contained in the Trustee's accounting system, provided that the Trustee shall not be liable for any error made by any such service.

Pledged Tax Revenues
The term "Pledged Tax Revenues" means, for each Fiscal Year during the term of the Loan Agreement, all of the taxes eligible for allocation to the Agency pursuant to the Law with respect to the Project Area (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations):

decreased by

(a) amounts, if any, not exceeding twenty percent (20%) of certain of such taxes which may be required by law to be deposited in the Housing Fund;

(b) amounts, if any, received pursuant to Section 16111 of the Government Code;

(c) Pass-Through Payments; and

(d) the Senior Harbour Debt Service;

and increased by

(e) an amount equal to the Loan Payments; and

(f) an amount payable from the amounts otherwise required to be deposited in the Housing Fund pursuant to the Law equal to Debt Service with respect to Parity Debt (other than the Loan Payments) times a fraction, the numerator of which is the amount of proceeds (net of reserve funds and costs of issuance) of such Parity Debt that is deposited in the Housing Fund or used for purposes for which funds in the Housing Fund are eligible under the Law, and the denominator of which is the aggregate amount of proceeds (net of reserve funds and costs of issuance) of such Parity Debt.

Post-2004 Guaranty Agreement
The term means "Post-2004 Guaranty Agreement" means that certain loan agreement entitled "Post-2004 Guaranty Agreement" by and between the Agency and the Authority, dated as of November 1, 2000.

Project Area
The term "Project Area" means , collectively, the following project areas (or portions thereof) established by the Agency, which have been merged by the Agency pursuant to the Law:

- Eastshore 1A Project Area, initially established August 26, 1957; as amended from time to time, but only that portion of the Eastshore 1A Project Area added by the amendment to the Redevelopment Plan adopted

by the Agency on July 13, 1999.

- Harbor Gate 6A Project Area, initially established November 8, 1954; as amended from time to time, but only those portions of the Harbor Gate 6A Project Area added by the amendments to the Redevelopment Plan adopted by the Agency on June 26, 1995 and July 13, 1999.

- Hensley 8A Project Area, initially established May 29, 1960; as amended from time to time, but only that portion of the Hensley 8A Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- Downtown 10A Project Area, initially established May 23, 1966; as amended from time to time, but only that portion of the Downtown 10A Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- Nevin 10B Project Area, initially established September 18, 1972; as amended from time to time, but only that portion of the Nevin 10B Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- Harbour 11A Project Area, initially established June 9, 1975, as amended from time to time, including that portion of the Harbour 11A Project Area added by amendment to Redevelopment Plan adopted on July 13, 1999.

Rating Agency
The term "Rating Agency" means Standard & Poor's Rating Services or, in the event that Standard & Poor's Rating Services no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as Standard & Poor's Ratings Services or other nationally recognized rating agency then maintains a rating on the Bonds.

Record Date
The term "Record Date" means, with respect to an Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date.

Redevelopment Plan
The term "Redevelopment Plan" means, collectively, the Redevelopment Plans for the Project Area, as the same may be amended from time to time by the Agency.

Revenues
The term "Revenues" means all Loan Payments received by the Trustee pursuant to the Loan Agreement (but not Additional Payments) and all interest or other income from any investment, pursuant to the Trust Agreement, of any money in the Series 2003 Revenue Fund or any account therein.

Senior Harbour Debt Service
The term "Senior Harbour Debt Service" means the principal (including mandatory redemption payments) of and interest on the Agency's Harbour Redevelopment Project 1991 Tax Allocation Bonds and the Agency's Harbour Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A and any other bonds issued under the Senior Harbour Indenture.

Senior Harbour Indenture
The term "Senior Harbour Indenture" means the Indenture, dated January 1, 1992, as amended by a First Supplemental Indenture, dated as of February 1, 1998, all by and between the Agency and U.S. Bank Trust, N.A. (as successor to First Trust of California, N.A.).

Series 2000A Guaranty Payments
The term "Series 2000A Guaranty Payments" means the payments required to be paid under the Post-2000A Guaranty Agreement.

Series 2003B Project Account
The term "Series 2003B Project Account" means the account by that name established and maintained by the Trustee pursuant to the Trust Agreement.

Series 2003A Reserve Account Requirement
The term "Series 2003A Reserve Account Requirement" means the amount set forth in the Trust Agreement, as such amount may be reduced pursuant to the Trust Agreement.

Series 2003B Reserve Account Requirement
The term "Series 2003B Reserve Account Requirement" means the amount set forth in the Trust Agreement, as such may be reduced pursuant to the Trust Agreement.

Series 2003A Reserve Surety
The term "Series 2003A Reserve Surety" means the Debt Service Reserve Fund Surety Bond issued by the Bond Insurer for the Series 2003A Bonds in the amount set forth in the Trust Agreement.

Series 2003B Reserve Surety
The term "Series 2003B Reserve Surety" means the Debt Service Reserve Fund Surety Bond issued by the Bond Insurer for the Series 2003B Bonds in the amount set forth in the Trust Agreement.

Series 2003 Revenue Fund
The term "Series 2003 Revenue Fund" means the fund by that name established and maintained by the Trustee pursuant to the Trust Agreement, together with all funds and accounts established therein.

Special Fund
The term "Special Fund" means Richmond Redevelopment Agency special funds established and maintained by the Agency pursuant to the Law into which the Agency deposits all Pledged Tax Revenues and in which the Authority has a security interest pursuant to the terms of the Loan Agreement. The Special Funds may be created as a fund or account within a fund under the Agency's financial statements.

State
The term "State" means the State of California.

Supplemental Trust Agreement
The term "Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory of the Trust Agreement or supplemental to the Trust Agreement; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

Tax Certificate
The term "Tax Certificate" means the Tax Certificate delivered by the Agency and the Authority at the time of the issuance and delivery of the Bonds, as the same may be amended or supplemented in accordance with its terms.

Taxing Agencies
The term "Taxing Agencies" means all local government agencies entitled to a portion of the property taxes levied in the Project Area.

Trust Agreement
The term "Trust Agreement" means the Trust Agreement, dated as of August 1, 2003, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions of the Trust Agreement.

Trustee
The term "Trustee" means Union Bank of California, N.A., or any other association or corporation which may at any time be substituted in its place as provided in the Trust Agreement.

Written Request of the Authority
The term "Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by its President, Vice President, Executive Director or Treasurer/Auditor, or by any other officer of the Authority duly authorized by the governing board of the Authority to sign documents on its behalf.

TRUST AGREEMENT

The Trust Agreement provides for, among other things, the issuance, execution and delivery of the Bonds and sets forth the terms thereof, the creation of certain of the funds and accounts described in the Trust Agreement, certain covenants of the Authority, defines events of default and remedies therefor, and sets forth the rights and responsibilities of the Trustee. Under the Trust Agreement, all of the Authority's right, title and interest in and to the Agency's payments of principal and interest under the Loan Agreement are assigned to the Trustee for the benefit of the bondowners and are pledged to secure the payment of the principal, premium, if any, and interest payable with respect to the Bonds. The Trust Agreement provides the Trustee with the power to enforce all of the rights of the Authority under the Loan Agreement.

General Bond Provisions

Execution of Bonds. The Treasurer/Auditor of the Authority is authorized and directed to execute each of the Bonds on behalf of the Authority and the Secretary of the Authority is authorized and directed to countersign each of the Bonds on behalf of the Authority. The signatures of such Treasurer/Auditor and Secretary may be by printed, lithographed or engraved by facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Bonds.

Only those Bonds bearing thereon a certificate of authentication in the form recited in the Trust Agreement, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security under the Trust Agreement or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, executed, issued and delivered under the Trust Agreement and are entitled to the benefit, protection and security of the Trust Agreement.

Transfer and Payment of Bonds. Any bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of the Trust Agreement by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bonds for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bonds or Bonds of the same series and maturity for a like aggregate principal amount. The Trustee shall require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may deem and treat the registered owner of any bonds as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bonds shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal or and redemption premium, if any, on such Bonds shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Bonds to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of or exchange any Bond during the period established by the Trustee for selection of Bonds for redemption or any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in the Trust Agreement.

Exchange of Bonds. Bonds may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same series and maturity of other authorized denominations. The Trustee shall require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

Bond Registration Books. The Trustee will keep at its corporate trust office sufficient books for the registration and transfer of the Bonds which shall during normal business hours be open to inspection by the Authority, and upon presentation for such purpose the Trustee shall upon reasonable notice, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as provided in the Trust Agreement.

Mutilated, Destroyed, Stolen or Lost Bonds. If any Bond shall become mutilated the Trustee at the expense of the Holder shall thereupon authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Holder, shall thereupon authenticate and deliver, a new Bond of like tenor in lieu or and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond issued under the Trust Agreement and of the expenses which may be incurred by the Authority and the Trustee relating thereto. Any Bond issued under the provisions of the Trust Agreement in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of the Trust Agreement with all other Bonds of the same series secured by the Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Bond any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under the Trust Agreement or for the purpose of determining any percentage of Bonds Outstanding under the Trust Agreement, but both the original replacement Bond shall be treated as one and the same.

Temporary Bonds. The Bonds issued under the Trust Agreement may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form and may contain such reference to any of the provisions of the Trust Agreement as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the Authority, in accordance with the terms of the Act. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the corporate trust office of the Trustee in Los Angeles, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under the Trust Agreement as definitive Bonds delivered under the Trust Agreement.

No Additional Bonds

The Authority covenants that it will not issue any additional bonds or other indebtedness under the Trust Agreement or otherwise secured by any of the payments made under the Loan Agreement; provided that nothing under the Trust Agreement prevents the Authority or the Agency from issuing or otherwise incurring additional obligations as permitted by the Loan Agreement.

Pledge of Revenues

All Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in the Series 2003 Revenue Fund are irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds as provided in the Trust Agreement, and the Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. This pledge shall constitute a first pledge of and charge and lien upon the Revenues and all other moneys on deposit in the Series 2003 Revenue Fund for the payment of the interest on and principal of the Bonds in accordance with the terms of the Trust Agreement.

Establishment and Maintenance of Accounts for Use of Money in the Series 2003 Revenue Fund. Under the Trust Agreement, all money in the Series 2003 Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Series 2003 Revenue Fund in the following order of priority:

(a) Series 2003A Interest Account and the Series 2003B Interest Account. On each Interest Payment Date, commencing on September 1, 2003, the Trustee shall set aside from the Series 2003 Revenue Fund and deposit in the Series 2003A Interest Account and the Series 2003B Interest Account those amounts of money which, when added to any amounts then on deposit in such accounts, are equal to the amount of interest becoming due and payable on all Outstanding Series 2003A Bonds and Series 2003B Bonds, respectively, on such Interest Payment Date. In the event that the amount available for deposit pursuant to this paragraph is insufficient to make the full deposits required by the Trust Agreement, the amounts deposited to the Series 2003A Interest Account and the Series 2003B Interest Account shall be reduced by the amount of such insufficiency, in proportion to the total amounts required to pay interest on the Series 2003A Bonds and the Series 2003B Bonds on such Interest Payment Date. No deposit need be made in the Series 2003A Interest Account or the Series 2003B Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Series 2003A Bonds or Series 2003B Bonds, respectively, on such Interest Payment Date. All money in the Series 2003A Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2003A Bonds as it shall become due and payable (including accrued interest on any Series 2003A Bonds purchased or redeemed prior to maturity). All money in the Series 2003B Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2003B Bonds as it shall become due and payable (including accrued interest on any Series 2003B Bonds purchased or redeemed prior to maturity).

(b) Series 2003A Principal Account and the Series 2003B Principal Account. On each September 1, commencing September 1, 200[5] the Trustee shall set aside from the Series 2003 Revenue Fund and deposit in the Series 2003A Principal Account and the Series 2003B Principal Account those amounts of money which, when added to any amounts then on deposit in such accounts, are equal to the principal amounts (including the payment of principal with respect to any mandatory redemption) of all Outstanding Series 2003A Bonds and Series 2003B Bonds, respectively, maturing on such September 1. In the event that the amount available for deposit pursuant to this paragraph is insufficient to make the full deposits required by the Trust Agreement, the amounts deposited to the Series 2003A Principal Account and the Series 2003B Principal Account shall be reduced by the amount of such insufficiency, in proportion to the total amounts required to pay such principal on the Series 2003A Bonds and the Series 2003B Bonds on such September 1. No deposit need be made in the Series 2003A Principal Account or the Series 2003B Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2003A Bonds and Series 2003B Bonds, respectively, maturing or subject to mandatory redemption by their terms on such September 1. All money in the Series 2003A Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2003A Bonds as they shall become due and payable, whether at maturity or redemption. All money in the Series 2003B Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2003B Bonds as they shall become due and payable, whether at maturity or redemption.

(c) Series 2003A Reserve Account and the Series 2003B Reserve Account. All money in the Series 2003A Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series 2003A Interest Account or the Series 2003A Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal of or redemption premiums, if any, on the Series 2003A Bonds or for the retirement of all the Series 2003A Bonds then Outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Series 2003A Reserve Account in excess of the Series 2003A Reserve Account Requirement shall be withdrawn from the Series 2003A Reserve Account and deposited in the Series 2003A Interest Account, on each September 1 and March 1. For purposes of determining the amount on deposit in the Series 2003A Reserve Account, the Trustee shall value on the last Business Day of each May and November those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2003A Bonds pursuant to the Trust Agreement, the Series 2003A Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2003A Bonds after such redemption.

All money in the Series 2003B Reserve Account shall be used and withdrawn by the Trustee solely for the

purpose of replenishing the Series 2003B Interest Account or the Series 2003B Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal of or redemption premiums, if any, on the Series 2003B Bonds or for the retirement of all the Series 2003B Bonds then Outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Series 2003B Reserve Account in excess of the Series 2003B Reserve Account Requirement shall be withdrawn from the Series 2003B Reserve Account and deposited in the Series 2003B Interest Account, on each September 1 and March 1. For purposes of determining the amount on deposit in the Series 2003B Reserve Account, the Trustee shall value on the last Business Day of each May and November those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2003B Bonds pursuant to the Trust Agreement, the Series 2003B Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2003B Bonds after such redemption.

The Series 2003A Reserve Surety and the Series 2003B Reserve Surety shall be deposited in the Series 2003A Reserve Account and the Series 2003B Reserve Account to satisfy a portion of the Series 2003A Reserve Account Requirement and the Series 2003B Reserve Account Requirement, respectively. Notwithstanding any other provision of the Trust Agreement, in the event that the Trustee is required to make a transfer from the Series 2003A Reserve Account or the Series 2003B Reserve Account as provided above, the Trustee shall first apply any cash on hand in the Series 2003A Reserve Account or the Series 2003B Reserve Account, prior to drawing any amount on the Series 2003A Reserve Surety or the Series 2003B Reserve Surety. In the event of such a draw, any Revenues which become available for deposit in the Series 2003A Reserve Account or the Series 2003B Reserve Account under the Trust Agreement shall be applied as provided in the Financial Guaranty Agreement until all amounts owing to the Bond Insurer thereunder are paid in full.

All money in each of the above accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized under the Trust Agreement. Notwithstanding any other provision of the Trust Agreement, if the total amount on deposit in the Series 2003 Revenue Fund equals or exceeds the principal amount of the Bonds, together with accrued interest thereon, and the Bonds are at such time subject to redemption without premium, the Trustee shall redeem all remaining Outstanding Bonds from amounts on deposit in the Series 2003 Revenue Fund and remit any balance therein to the Authority.

Reserve Surety Policies and Letters of Credit. The Authority may satisfy the Series 2003A Reserve Account Requirement of the Series 2003B Reserve Account Requirement at any time by the deposit with the Trustee for the credit of the Series 2003A Reserve Account or the Series 2003B Reserve Account, as the case may be, of a surety bond, an insurance policy or letter of credit as described below, or any combination thereof, subject to the written consent of the Bond Insurer.

(a) Surety Bond or Insurance Policy. A surety bond or insurance policy issued to the Trustee, on behalf of the Holders of the series of Bonds, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the Bonds (a "municipal bond insurer") may be deposited in the Series 2003A Reserve Account or the Series 2003B Reserve Account to meet the Series 2003A Reserve Account Requirement or the Series 2003B Reserve Account Requirement, respectively, if the claims paying ability of such municipal bond insurer shall be rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's.

If the claims paying ability of a municipal bond insurer falls below an "Aaa" rating by Moody's Investors Service or an "AAA" rating by Standard & Poor's, the Authority will use its best efforts to procure a replacement surety bond or insurance policy within 30 days from the date of the decline in such claims paying ability, meeting the requirements set forth above to the extent that, in the judgment of the Authority, such a substitute or replacement surety bond or insurance policy is available upon reasonable terms and at a reasonable cost, or will use its best efforts to deposit into the Series 2003A Reserve Account or the Series 2003B Reserve Account, as applicable, a letter of credit meeting the requirements of the Trust Agreement in order to provide that there will be on deposit in the Series 2003A Reserve Account or the 2003B Reserve Account, as the case may be, an amount equal to the Series 2003A Reserve Account Requirement or the Series 2003B Reserve Account Requirement, respectively.

(b) Letter of Credit. A letter of credit may be deposited in the Series 2003A Reserve Account or the Series 2003B Reserve Account to meet the Series 2003A Reserve Account Requirement or the Series 2003B Reserve Account Requirement, respectively; provided that any such letter of credit must be issued or confirmed by a state or

national bank or a foreign bank with an agency or branch located in the continental United States which has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category (disregarding rating subcategories) by Moody's Investors Service and Standard & Poor's, but in no event less than the rating on the applicable series of Bonds given by any rating agency which has a then currently effective rating on the Bonds.

In the event that unsecured long-term debt securities of the state, national or foreign bank which has issued or confirmed any letter of credit are downgraded by Moody's Investors Service or Standard & Poor's to a rate below the requirements set forth above, the Authority will use its best efforts to obtain a substitute or replacement letter of credit within 30 days from the date of such downgrading from a state, national or foreign bank meeting the requirements set forth above, to the extent that, in the judgment of the Authority, such a substitute or replacement letter of credit is available upon reasonable terms and at a reasonable cost, or will use its best efforts to deposit into the Series 2003 Reserve Account a replacement surety bond or insurance policy meeting the requirements of this section in order to provide that there will be on deposit in the Series 2003 Reserve Account an amount equal to the Series 2003 Reserve Account Requirement.

Unless the applicable series of Bonds have been fully paid and retired, the Trustee shall draw the full amount of any letter of credit credited to each Reserve Account on the third Business Day preceding the date such letter of credit (taking into account any extension, renewal or replacement thereof) would otherwise expire, and shall deposit moneys realized pursuant to such draw in the Series 2003 Reserve Account.

(c) Release of Moneys in Reserve Accounts. If the Authority replaces a cash-funded Series 2003 Reserve Account, in whole or in part, with a surety bond, insurance policy or letter of credit meeting the requirements described above, amounts on deposit in the Series 2003 Reserve Account shall, upon written request of the Authority to the Trustee, be transferred to the Authority and applied for the acquisition, construction, installation or equipping of public capital improvements; provided, that with respect to the Series 2003A Reserve Account, such transfer shall be conditioned on the receipt by the Authority and Trustee of an Opinion of Counsel that such transfer will not cause the interest on the Series 2003A Bonds to be included in gross income for purposes of federal income taxation.

Deposit and Investments of Money in Accounts and Funds. Subject to the section "Tax Covenants", below, all money held by the Trustee in any of the accounts or funds established under the Trust Agreement shall be invested in Permitted Investments at the Written Request of the Authority. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement; provided, however, that moneys in the Series 2003A Reserve Account and the Series 2003B Reserve Account shall be invested in Permitted Investments with a term to maturity not exceeding five (5) years except for a repurchase agreement or an investment agreement so long as either allows for the withdrawal of monies at par for any purpose required by the Trust Agreement.

The Trustee may commingle the funds and accounts established under the Trust Agreement for investment purposes, but shall account for each separately. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fees therefor. In the absence of written investment instructions from the Authority, the Trustee shall (i) notify the Authority in writing that it does not have investment instructions, and (ii) until such instructions are received, invest in those investments described in clause (7) of the definition of Permitted Investments. The Trustee shall not be liable for any loss for any investment made in accordance with these provisions.

Certain Covenants of the Authority

Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and the principal of and redemption premiums, if any, to become due on the Bonds issued under the Trust Agreement in strict conformity with the terms of the Trust Agreement and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority under the Trust Agreement and in the Bonds.

Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided under the Trust Agreement, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Bonds as provided in the Trust Agreement.

Tax Covenants. The Authority covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2003A Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Series 2003A Bonds.

Accounting Records and Reports. The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee, at reasonable hours and under reasonable conditions. Not more than one hundred eighty (180) days after the close of each Fiscal Year, the Authority shall furnish or cause to be furnished to the Trustee a complete financial statement covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year. The Authority shall also keep or cause to be kept such other information as required under the Tax Certificate. The Trustee shall have no duty to review or examine such statement.

Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations under the Trust Agreement; provided that the Trustee or any affected Holder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions under the Trust Agreement, except for any loss, cost, damage or expense resulting from the active or passive negligence or willful misconduct of the Trustee. Notwithstanding any contrary provision of the Trust Agreement, this covenant shall remain in full force and effect even though all Bonds secured may have been fully paid and satisfied.

Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Holder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Holders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Trust Agreement.

Assignment to Trustee; Enforcement of Obligations.

(a) The Authority, for good and valuable consideration, the receipt of which is acknowledged, does unconditionally grant, transfer and assign to the Trustee, without recourse, all of its rights, title and interest under the Loan Agreement, except, prior to any Event of Default under the Trust Agreement or under the Loan Agreement, (i) the Authority's rights to receive any notices under the Trust Agreement or the Loan Agreement, (ii) the Authority's right to receive payments, if any, with respect to fees, expenses and indemnification and certain other purposes under the Loan Agreement and (iii) the Authority's rights to give approvals or consents pursuant to the Loan Agreement, but including, without limitation, the right to collect and receive directly all of the Revenues and the right to hold and enforce any security interest, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee.

(b) The Trustee also shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment (1) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement and any other security agreement with respect to the Bonds, and (2) to assure compliance with all covenants, agreements and conditions on the part of the Authority contained in the Trust

Agreement with respect to the Revenues. The Trustee shall give all notices which the Authority is required to cause it to give under the Loan Agreement.

The Trustee

Union Bank of California, N.A., shall serve as the Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee under the Trust Agreement and for the purpose of allocating, applying and using such money as provided in the Trust Agreement and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment in San Francisco, California, with the rights and obligations provided in the Trust Agreement. The Authority agrees that it will at all times maintain a Trustee having a corporate trust office in San Francisco or Los Angeles, California.

The Trustee is authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Bonds and a certificate of destruction shall be delivered to the Authority. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

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

Removal and Resignation; Appointment of Successor. The Authority may at any time, unless there exists any Event of Default, and upon written request of the Bond Insurer, shall, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall be approved in writing by the Bond Insurer and shall be a bank or trust company doing business and having a corporate trust office in San Francisco or Los Angeles, California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars ($50,000,000) and subject to supervision or examination by federal or state authority. The Bond Insurer shall receive prior written notice of any name change of the Trustee or the resignation or removal of the Trustee. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority and by mailing to the Holders notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required by the Trust Agreement.

Liability of Trustee. The recitals of facts, agreements and covenants in the Trust Agreement and in the Bonds shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity of the Trust Agreement or of the Bonds, or shall incur any responsibility in respect other than in connection with the rights or obligations assigned to or imposed upon it under the Trust Agreement, in the Bonds or in law or equity. The Trustee shall not be liable in connection with the performance of its duties under the Trust Agreement except for its own active or passive negligence or willful misconduct.

The Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and such Holder's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Trust Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Trust Agreement at the request, order or direction of any of the Bondholders pursuant to the provisions of the Trust Agreement unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Holders for the payment of interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties under the Trust Agreement.

The Trustee shall not be deemed to have knowledge of any event of default, other than an event of default under the Trust Agreement, unless and until an officer at the Trustee's corporate trust office responsible for the administration of its duties under the Trust Agreement shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its corporate trust office. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements in the Trust Agreement or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers under the Trust Agreement or perform any duties under the Trust Agreement either directly or by or through attorneys-in-fact, agents or receivers, and shall be answerable for the negligence or misconduct or any such attorney-in-fact, agent or receiver. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty under the Trust Agreement, but the Trustee shall not be answerable for the professional malpractice of any attorney-in-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of the Trust Agreement, if such attorney-in-law or certified public accountant was selected by the Trustee with due care.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions of the Trust Agreement.

Whether or not therein expressly so provided, every provision of the Trust Agreement, the Loan Agreement or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of the Trust Agreement.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Certificate of the Authority or Written Request of the Authority), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Trust Agreement in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations under the Trust Agreement the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action under the Trust Agreement, such matter (unless other evidence in respect thereof be specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of the Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any

financial liability in the performance or exercise of any of its duties under the Trust Agreement, or in the exercise of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it under the Trust Agreement at its prime rate plus two percent.

Compensation and Indemnification of Trustee. The Authority covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties under the Trust Agreement of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Trust Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created by the Trust Agreement, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers under the Trust Agreement. The rights of the Trustee and the obligations of the Authority under the Trust Agreement shall survive the discharge of the Bonds and the Trust Agreement and the resignation or removal of the Trustee.

Amendment of the Trust Agreement

Amendments with the Consent of Holders. The Trust Agreement and the rights and obligations of the Authority and of the Holders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the section below, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Holder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided in the Trust Agreement superior to or on a parity with the pledge, charge and lien created by the Trust Agreement for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority or the Agency without their prior written assent thereto, respectively.

Amendments without Consent of Holders. The Trust Agreement and the rights and obligations of the Authority and of the Holders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Holders, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not materially adversely affect the interests of the Holders, including (without limitation) for any one or more of the following purposes –

(a) to add to the agreements and covenants required in the Trust Agreement to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved in the Trust Agreement to or conferred in the Trust Agreement on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising under the Trust Agreement which the Authority may deem desirable or necessary and not inconsistent with the Trust Agreement;

(c) to provide for the issuance of any Bonds; or

(d) to add to the agreements and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

Disqualified Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this section, and shall not be entitled to consent to or take any other action provided in this section.

Amendment by Mutual Consent. These provisions shall not prevent any Holder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Bond Insurer Notice and Consent. With respect to amendments or supplements to the Trust Agreement described in the above section, *Amendments without Consent of Holders*, the Bond Insurer must be given notice of any such amendments or supplements. With respect to amendments or supplements to the Trust Agreement described in the above section, *Amendments with the Consent of Holders*, the Bond Insurer's prior written consent is required. Copies of any amendments or supplements to the Trust Agreement which are consented to by the Bond Insurer shall be sent to the rating agencies which have assigned a rating to the Bonds. Notwithstanding any other provision of the Trust Agreement, in determining whether the rights of Holders will be adversely affected by any action taken pursuant to the terms and provisions of the Trust Agreement, the Trustee shall consider the effect on the Holders as if there were no Municipal Bond Insurance Policy; provided that any amendment approved in writing by the Bond Insurer shall be deemed to not materially adversely affect the interests of the Holders so long as the Municipal Bond Insurance Policy is in full force and effect at the time of the amendment.

Events of Default and Remedies

Events of Default. The following events shall be Events of Default under the Trust Agreement:

(a) Failure by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) Failure by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) Failure by the Authority in the performance of any of the other agreements or covenants required in the Trust Agreement to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee or the Bond Insurer;

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

(e) The occurrence of an Event of Default under the Loan Agreement.

Remedies. Upon the occurrence and continuation of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than fifty one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained in the Trust Agreement or in the Bonds to the contrary notwithstanding. The Trustee shall promptly notify all Holders of any such Event of Default which is continuing.

However, if at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such

overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Holders of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Holders in the Trust Agreement is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Application of Funds After Default. All moneys in the accounts and funds provided in the Trust Agreement upon the date of the declaration of acceleration by the Trustee as provided in the preceding section and all Revenues (other than Revenues on deposit in the Rebate Fund as defined by and pursuant to the Tax Certificate) thereafter received by the Authority shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the costs and expenses of the Holders in providing for the declaration of such event of default, including reasonable compensation to their accountants and counsel, and to the payment of the fees, costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its accountants and counsel; and

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

Notwithstanding any other provision of the Trust Agreement, no amounts shall be paid to the Holders of the Bonds from Revenues derived from amounts required to be deposited in the Agency's Low and Moderate Income Housing Fund pursuant to the Law.

Institution of Legal Proceedings by Trustee. If one or more of the events of default shall happen and be continuing, the Trustee may, and upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Trust Agreement and under the Loan Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement, or in aid of the execution of any power granted under the Trust Agreement, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties under the Trust Agreement.

Non-Waiver. Nothing in this provision or in any other provision of the Trust Agreement or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon prior redemption as provided in the Trust Agreement from the Revenues as provided in the Trust Agreement pledged for such payment, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Trust Agreement and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders by the Act or by this provision may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Holder shall have the right to bring to enforce any right or remedy under the Trust Agreement may be brought by the Trustee for the equal benefit and protection of all Holders, whether or not the Trustee is a Holder, and the Trustee is appointed (and the successive Holders, by taking and holding the Bonds issued under the Trust Agreement, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Limitation on Bondholders' Right to Sue. No Holder of any Bond issued under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Trust Agreement; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any owner of Bonds of any remedy under the Trust Agreement; it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner provided in the Trust Agreement, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner provided in the Trust Agreement and for the equal benefit of all Holders of the Outstanding Bonds.

Defeasance

Discharge of Bonds. If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated under the Trust Agreement, then the Holders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues, as provided under the Trust Agreement, and all agreements, covenants and other obligations of the Authority to the Holders of such Bonds under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the above paragraph if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory

to it irrevocable instructions to provide notice in accordance with the Trust Agreement, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities which are not subject to redemption prior to maturity (including any such Defeasance Securities issued or held in book-entry form on the books of the Agency or the Treasury of the United States of America) or tax exempt obligations of a state or political subdivision thereof which have been defeased under irrevocable escrow instructions by the deposit of such money or Defeasance Securities and which are then rated in the highest rating category by the Rating Agency, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Holders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

Unclaimed Money. Anything contained in the Trust Agreement to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall at the Written Request of the Authority be repaid 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 Holders shall not look to the Trustee for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee may, and at the request of the Authority shall, at the expense of the Authority, cause to be published once a week for two (2) successive weeks in a Financial Newspaper of general circulation in Richmond, California and in San Francisco, California and in the same or a similar Financial Newspaper of general circulation in New York, New York a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the Authority.

Payment by Bond Insurer. In the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the Holders of Outstanding Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Holders of Outstanding Bonds including, without limitation, any rights that such Holders of Outstanding Bonds may have in respect of securities law violations arising from the offer and sale of the Bonds.

Miscellaneous

Liability of Authority Limited to Revenues. Notwithstanding anything contained in the Trust Agreement, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided in the Trust Agreement for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants contained in the Trust Agreement. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring an indebtedness.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided in the Trust Agreement.

The Bonds are not a debt of the Authority, the State of California or any of its political subdivisions, and neither the Authority, said State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

Benefits of the Trust Agreement Limited to Parties. Nothing contained in the Trust Agreement, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Holders any right, remedy or claim under or by reason of the Trust Agreement. Any agreement or covenant required in the Trust Agreement to be performed by or on behalf of the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Holders.

Execution of Documents by Holders. Any declaration, request or other instrument which is permitted or required in the Trust Agreement to be executed by Holders may be in one or more instruments of similar tenor and may be executed by Holders in person or by their attorneys appointed in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the office of the Trustee.

Any declaration, request, consent or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond with respect to anything done or suffered to be done by the Trustee or the Authority in good faith and in accordance therewith.

Waiver of Personal Liability. No member, officer or employee of the Authority, the Agency or the City of Richmond shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing contained in the Trust Agreement shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or the Trust Agreement.

Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Accounts and Funds; Business Days. Any account or fund required in the Trust Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with the Tax Certificate and sound corporate trust accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Holders. Any action required to occur under the Trust Agreement on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required by the Trust Agreement to be performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the Trust Agreement or of the Bonds, and the Holders shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase of the Trust Agreement and would have authorized the issuance of the Bonds pursuant to the Trust Agreement irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases of the Trust Agreement or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Amendments to Loan Agreement. The Authority shall not supplement, amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee and the Bond Insurer. The Trustee shall give such written consent only if (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the Holders or result in any material impairment of the security given by the Trust Agreement for the payment of the Bonds, or (b) the Trustee first obtains the written consent of the Holders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination shall reduce the amount of Loan Payments to be made to the Authority or the Trustee by the Agency pursuant to the Loan Agreement, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by the Loan Agreement to secure the Loan Payments (except as expressly provided in the Loan Agreement), in each case without the written consent of all of the Holders of the Bonds then Outstanding.

Consent Rights of Bond Insurer.

(a) Consent of Bond Insurer. Any provision of the Trust Agreement expressly recognizing or granting rights in or to Bond Insurer may not be amended in any manner which affects the rights of Bond Insurer under the Trust Agreement without the prior written consent of Bond Insurer.

(b) Consent of Bond Insurer in Addition to Bondholder Consent. Whenever the Trust Agreement requires the consent of Holders, Bond Insurer's consent shall also be required.

(c) Consent of Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Authority or underlying obligor must be acceptable to Bond Insurer. In the event of any reorganization or liquidation, Bond Insurer shall have the right to vote on behalf of all Holders who hold Bond Insurer-insured Bond absent a default by Bond Insurer under the Municipal Bond Insurance Policy.

(d) Consent of Bond Insurer Upon Default. Anything in the Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined in the Trust Agreement, Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders or the Trustee for the benefit of the Holders under the Trust Agreement, including, without limitation: (i) the right to accelerate the principal of the Bonds as described in the Trust Agreement, and (ii) the right to annul any declaration of acceleration, and the Bond Insurer shall be entitled to approve all waivers of events of default.

(e) Acceleration Rights. Upon the occurrence of an event of default, the Trustee shall, at the direction of Bond Insurer or at the direction of 51% of the Holders with the consent of Bond Insurer, by written notice to the Authority, the underlying obligor and Bond Insurer, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Trust Agreement or in the Bonds to the contrary notwithstanding.

Bond Insurer as Third Party Beneficiary. To the extent that the Trust Agreement confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Trust Agreement, the Bond Insurer is explicitly recognized as being a third-party beneficiary under the Trust Agreement and may enforce any such rights, remedy or claim conferred, given or granted thereunder.

LOAN AGREEMENT

The Authority and the Agency will enter into a Loan Agreement pursuant to which the Authority loans the proceeds of the Bonds to the Agency and the Agency agrees to use such proceeds to finance redevelopment activities within its merged redevelopment project areas and to repay the loan under the terms set forth in the Loan Agreement.

Loan Terms; Disbursement; Parity Debt

Loan Payments. (a) The Agent agrees that, at least fifteen (15) days prior to each Interest Payment Date, the Agency shall transfer to the Trustee from the Special Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Bonds on such Interest Payment Date (the "Loan Payment"). The Loan Payments shall be payable from all Pledged Tax Revenues. In the event that the Pledged Tax Revenues are insufficient to pay all Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Loan Payments and Parity Debt Service.

(b) All Loan Payments under the Loan Agreement shall be payable by the Agency in immediately available funds which constitute lawful money of the United States of America. Such payments shall be secured, and amounts for the payment thereof shall be deposited with the Authority as set forth under the Loan Agreement.

Prepayment and Reduction in Loan Funds. The Loan Payments shall be subject to optional prepayment in whole or in part on the dates, in the amounts and subject to the notice requirements applicable to redemption of the Series 2003A and the Series 2003B Bonds, respectively, as provided in the Trust Agreement.

Parity Debt. In addition to the Loan, the Agency may after the date of the Loan Agreement issue or incur Parity Debt in such principal amount as shall be determined by the Agency subject to the following specific conditions, which are made conditions precedent to the issuance and delivery of such Parity Debt issued under the Loan Agreement:

(a) No Event of Default under the Loan Agreement, under any Parity Debt Instrument, under any Subordinate Debt Instrument or under any other instrument secured by tax increment revenues of the Agency with respect to the Project Area shall have occurred and be continuing, and the Agency shall otherwise be in compliance with all covenants set forth in the Loan Agreement.

(b) The Pledged Tax Revenues to be received by the Agency in the then current Fiscal Year based upon the most recent qualified assessment roll of the County shall be in an amount equal to at least one hundred twenty-five percent (125%) of Maximum Annual Debt Service. For the purpose of the calculations pursuant to this paragraph, the following shall apply:

(1) The Pledged Tax Revenues referred to above shall be deemed to be increased by any additional assessed valuation of taxable property as to which construction has been completed, as of the date of, and as may be shown by, a Report of an Independent Consultant;

(2) The Pledged Tax Revenues shall not include any amounts resulting from a property tax rate in the Project Area in excess of one percent (1%) unless the Agency files with the Authority a Report of an Independent Consultant showing that any such excess tax rate will be in effect throughout the term of the Loan.

(3) For purposes of calculating Maximum Annual Debt Service, Parity Debt shall not include any debt with respect to which the following conditions are met:

(A) The proceeds of such Parity Debt shall be held by a corporate trustee in a separate fund (a "Temporary Redemption Fund") and deposited or invested in federal securities as defined in the Loan Agreement or in an investment agreement with a financial institution or insurance company, whose unsecured debt obligations are rated in at least the second-highest rating category by at least one nationally recognized securities rating agency and approved in writing by the Authority, at a rate of interest which, together with amounts made available by the Agency from Parity Debt proceeds or otherwise, is at least sufficient to pay Debt Service on the Parity Debt the proceeds of which are to be deposited in the Temporary Redemption Fund.

(B) Moneys may be transferred from the Temporary Redemption Fund only if Pledged Tax Revenues for the then current Fiscal Year will be at least equal to one hundred twenty-five percent

(125%) of Maximum Annual Debt Service, (excluding from such calculation the principal amount of Parity Debt which is equal to moneys on deposit in said Temporary Redemption Fund after each such transfer).

(C) Parity Debt shall be redeemed from moneys remaining on deposit in the Temporary Redemption Fund at the expiration of a specified escrow period in such manner as may be determined by the Agency.

(c) The Agency shall deliver to the Authority and the Trustee prior to the incurrence of such Parity Debt a copy of the Parity Debt Instrument and Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a), (b) and (c) above have been satisfied and, as applicable, the report required by subsection (b) above has been delivered.

(d) For purposes in making the calculations set forth in (b):

(1) if any Parity Debt is capital appreciation bonds or a similar compound interest instrument, then the accreted value payment shall be deemed a principal payment and interest that is compounded and paid as accreted value shall be deemed due on the scheduled redemption or payment date of such Parity Debt;

(2) if any Parity Debt bears interest payable pursuant to a variable interest rate formula, the interest rate on such Parity Debt for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the greater of (A) the actual rate on the date of calculation, or if such Parity Debt is not yet outstanding, the initial rate (if then established and binding), (B) if the Parity Debt has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (C)(1) if interest on such Parity Debt is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published "Bond Buyer 25 Bond Revenue Index" (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points;

(3) if any of such Parity Debt is secured by an irrevocable letter of credit issued by a bank having a combined capital and surplus of at least one hundred million dollars ($100,000,000), the principal payments or deposits with respect to such Parity Debt nominally due in the last Fiscal Year in which such Parity Debt matures may, at the option of the Agency, be treated as if they were due as specified in any loan agreement or reimbursement agreement issued in connection with such letter of credit or pursuant to the repayment provisions of such letter of credit and interest on such Parity Debt after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan agreement or reimbursement agreement or repayment provisions;

(4) if any of such Parity Debt is not secured by a letter of credit as described in clause (iii) and 20% or more of the original principal of such is not due until the final stated maturity of such Parity Debt, such principal may, at the option of the Parity Debt, be treated as if it were due based upon a level amortization of such principal over the term of such Parity Debt or twenty-five (25) years, whichever is greater;

(5) if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Parity Debt to which it relates, no amounts payable under such interest rate swap in excess of debt service payable under such Parity Debt agreement shall be included in the calculation of Debt Service unless the sum of (A) the interest payable on such Parity Debt, plus (B) the amounts payable by the Agency under such interest rate swap agreement, are greater than the interest payable on such Parity Debt, in which case the amount of such payments to be made that exceed the interest to be paid on such Parity Debt shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in clause (ii);

(6) Repayment obligations proposed to be entered into as Parity Debt shall be deemed to be payable at the scheduled amount due under such repayment obligation as calculated under this definition, and as used in this paragraph, "repayment obligation" means the reimbursement obligation or any other payment obligation of the Agency under a written agreement between the Agency and a credit provider to reimburse the credit provider for

amounts paid pursuant to a credit facility for the payment of the principal amount or purchase price of and/or interest on any Parity Debt.

Validity of Loan. The validity of the Loan shall not be dependent upon the completion of any project or upon the performance by any person of his or her obligation with respect to any project.

Additional Payments. In addition to the Loan Payments required to be made by the Agency, the Agency shall also pay to the Trustee or to the Authority, as the case may be, the following (the "Additional Payments"):

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received under the Loan Agreement or in any way arising due to the transactions contemplated by the Loan Agreement (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding any taxes based upon the capital and/or income of the Trustee or any other person other than the Agency; provided, however, that the Agency shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as the case may be, at the Agency's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Agency shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would materially adversely affect the rights or interests of the Authority or the Trustee;

(b) The reasonable annual (or other regular) fees and expenses of the Trustee, and all reasonable fees, charges, out-of-pocket costs, and expenses of the Trustee for any extraordinary services rendered by the Trustee under the Trust Agreement as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements or opinions or provide such other services as are reasonably required under the Loan Agreement, the Trust Agreement or the Tax Certificate;

(d) Reasonable expenses of the Authority in connection with the loan to the Agency under the Loan Agreement, the Bonds, the Trust Agreement or any other documents contemplated by the Loan Agreement or thereby, including without limitation reasonable expenses incurred by the Authority's counsel in connection with any litigation which may at any time be instituted involving such loan or the Bonds, the Trust Agreement or any other documents contemplated by the Loan Agreement or thereby and reasonable expenses incurred by the Authority in supervision and inspection of the Agency and its operations with respect to the use and application of such loan; and

(e) Such amounts as may be necessary to satisfy the rebate requirements in accordance with the Tax Certificate; and

(f) Amounts payable to Bond Insurer under the Financial Guaranty Agreement to the extent not paid by the Authority from Loan Payments.

Such Additional Payments shall be billed to the Agency by the Authority or the Trustee from time to time, together with (i) a statement executed by a duly authorized officer or agent of the Authority or the Trustee, as the case may be, stating that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items and (ii) a copy of the invoice or statement for the amount so incurred or paid. Amounts so billed shall be paid by the Agency within thirty (30) days after receipt of the bill by the Agency. Payment by the Agency to either the Authority or the Trustee of the amount so billed by either such party shall fulfill such payment obligation of the Agency.

Pledge of Pledged Tax Revenues; Application of Funds

Pledge of Pledged Tax Revenues and Special Fund. The Loan and all Parity Debt shall be equally and ratably secured by a pledge of and first lien on all of the Pledged Tax Revenues and all amounts in the Special Fund, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

The Pledged Tax Revenues and all amounts in the Special Fund are pledged in their entirety to the payments required under the Loan Agreement. The Pledged Tax Revenues and all amounts in the Special Fund shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency.

Neither the Loan nor the Loan Agreement is a debt of the Authority, the Community, the State or any of its political subdivisions (other than the Agency) and neither the Authority, the State nor any of its political subdivisions (other than the Agency) is liable thereon, nor in any event shall the Loan be payable out of any funds or properties other than Pledged Tax Revenues of the Agency and amounts in the Special Fund as provided under the Loan Agreement. Neither the Loan nor the Loan Agreement constitutes an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Agency nor any persons executing the Loan Agreement are liable personally on the Loan or the Loan Agreement.

Special Fund; Deposits. In order to carry out its obligation to repay the Loan, the Agency agrees and covenants that it shall establish a Special Fund. In each Fiscal Year, the Agency shall deposit in trust in the Special Fund an amount of Pledged Tax Revenues equal to the Debt Service payable on March 1 of such Fiscal Year and September 1 of the next succeeding Fiscal Year. The Pledged Tax Revenues in each Fiscal Year shall not be applied to any other purpose until such time as such deposit has been fully made. The Special Fund is pledged and a first security interest granted therein and all money on deposit in the Special Fund shall be applied and used only as provided under the Loan Agreement. All money on deposit in the Special Fund shall be used to pay Debt Service. After making all the set asides and payments required to be made in each Fiscal Year, the Agency may expend in such Fiscal Year any remaining money in the Special Fund for any lawful purpose of the Agency. The Agency agrees and covenants to maintain the Special Fund so long as the Loan remains unpaid.

Pledge of Pledged Tax Revenues; Application of Funds

Pledged Funds; Limited Obligation. The Agency expects that in each year Pledged Tax Revenues will equal or exceed the then current year's payments due under the Loan Agreement, and such payments will be treated as paid from then current Pledged Tax Revenues. The Agency shall have no obligation to use any funds other than the Pledged Tax Revenues and amounts in the Special Fund, directly or indirectly, to pay principal of or interest on the Loan; and (ii) no funds other than the Pledged Tax Revenues and amounts in the Special Fund are pledged as security for the Loan.

Representations and Warranties of the Agency

Agreement Valid and Binding; Approval by Legislative Body of Community. The Loan Agreement has been duly authorized, executed and delivered by the Agency and constitutes the legal, valid and binding obligation of the Agency, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally. The legislative body of the Community has authorized the Agency to enter into the Loan Agreement and to accept the Loan under the Loan Agreement.

No Conflict in Execution of Agreement. The execution and delivery by the Agency of the Loan Agreement and compliance with the provisions of the Loan Agreement will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, by-law or any agreement to which the Agency is subject or by which it is bound or by which its properties may be affected.

No Consent, Approval or Permission Necessary. No consent or approval of any trustee or holder of any indebtedness of the Agency, and no consent, permission, authorization, order or licenses of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Loan Agreement or the consummation of any transaction contemplated in the Trust Agreement, except as have been obtained or made and as are in full force and effect.

Pledge and First Lien. The pledge of the Pledged Tax Revenues and amounts in the Special Fund constitute a valid pledge of and a first lien on all of the Pledged Tax Revenues and amounts in the Special Fund to secure the Loan and all Parity Debt.

Establishment of Project Area. The Project Area has been duly established pursuant to the Redevelopment Plan and the Redevelopment Plan is in full force and effect and the Agency is in compliance with the Redevelopment Plan and the Law.

Affirmative Covenants of the Agency

Punctual Payment. The Agency will punctually pay, or cause to be paid, all payments required under the Loan Agreement in strict conformity with the terms of the Loan Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Loan Agreement.

Payment of Claims. The Agency from time to time will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies, which, if unpaid, might become liens or charges upon the Pledged Tax Revenues or any part thereof, or upon any funds in the hands of the Authority, or which might impair the security of the Loan. Nothing in the Loan Agreement shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

Protection of Security and Rights. The Agency will preserve and protect the security of the Loan and the rights of the Authority. From and after the date of the Loan Agreement, the Loan Agreement shall be incontestable by the Agency.

Management of Properties. The Agency will manage and operate all properties owned by the Agency and comprising any part of the Project Area in a sound and business-like manner and in conformity with all valid requirements of any governmental authority relative to the Project Area or any part thereof, and will keep such properties insured at all times in conformity with sound business practice.

Tax Covenants. (a) The Agency shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Series 2003A Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Agency covenants that it shall comply with the requirements of the Tax Certificate, which is incorporated in the Loan Agreement as if fully set forth in the Loan Agreement. This covenant shall survive the payment in full or the defeasance of the Series 2003A Bonds.

(b) In the event that at any time the Agency is of the opinion that for purposes of this section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Agency shall so instruct the Authority and the Trustee in a Request of the Agency accompanied by an Opinion of Counsel.

(c) Notwithstanding any provisions of this section, if the Agency provides to the Trustee and the Authority an Opinion of Counsel to the effect that any specified action required under the provision under this heading is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2003A Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of the provision under this heading and the Tax Certificate, and the covenants under the Loan Agreement shall be deemed to be modified to that extent.

Taxation of Leased Property. Whenever any property in the Project Area is redeveloped by the Agency and thereafter is leased by the Agency to any person or persons, or whenever the Agency leases any real property in the Project Area to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately-owned property (in accordance with the Law), and the lease or contract shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease shall be less than the taxes that would have been payable upon the entire property if the property were assessed and taxed in the same manner as privately-owned property, the lessee shall pay such difference to the

Agency within thirty (30) days after the taxes for such year become payable, and in any event prior to the delinquency date of such taxes established by law; provided, that this paragraph shall not apply to the property known as Contra Costa County Assessor's Parcel Nos. 560-270-056 (Ford Building).

Assumption of Loan Agreement. The obligations of the Agency under the Loan Agreement may not be assumed by another entity except in connection with a transfer of the entire Project Area by the Agency and only upon prior written approval of the Authority and the Bond Insurer and:

(i) an opinion of counsel experienced in matters relating to the tax-exempt status of interest on any obligations secured by the Loan Agreement, and approved by the Authority, to the effect that such transfer would not cause interest on the obligations to be included in gross income for federal income tax purposes;

(ii) a Report signed by an Independent Consultant concluding that such transfer would not materially adversely affect the security for the Loan or the rights of the Authority; and

(iii) evidence sufficient to the Authority that the entity assuming the Loan is eligible pursuant to the Act and the Law.

Payment from Tax-Exempt Debt. The Agency covenants to notify the Authority, the Trustee, and the Bond Insurer before making any repayment or prepayment of the Loan Agreement from the proceeds of any tax-exempt debt incurred by the Agency.

Continuing Disclosure. The Agency covenants to furnish certain financial and operating data pertaining to the Agency that it may be required to enable the underwriter of the Bonds to comply with Rule 15c2-12(b)(5) of the Securities and Exchange Agency, as the same may be amended.

Notice of Default and Event of Default. The Agency covenants that it will deliver to the Authority, the Trustee and the Bond Insurer, immediately after the Agency shall have obtained knowledge of the occurrence of an Event of Default or default under the Loan Agreement, the written statement of an authorized officer of the Agency setting forth the details of such Event of Default or default and the action which the Agency proposes to take with respect thereto.

Statements of Indebtedness. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Pledged Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County.

Cumulative Tax Revenue Limit. The Agency covenants that it will not accept Pledged Tax Revenues greater than Debt Service, in any year, if such acceptance will cause the amount remaining under any then-applicable tax increment limit in the Redevelopment Plan to fall below remaining cumulative Debt Service, except for the purpose of depositing such revenues in escrow for the payment of the Loan and interest on and principal of and redemption premiums, if any, on Parity Debt.

Negative Covenants of the Agency

Limitation on Additional Debt. The Agency covenants that, until the Loan has been paid and discharged pursuant to the Loan Agreement, the Agency shall not after the date of the Loan Agreement issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any loans, advances or indebtedness, which are in any case secured by a lien on all or any part of the Pledged Tax Revenues that is superior to or on a parity with the lien established under the Loan Agreement for the security of the Loan, excepting only Parity Debt and bonds under the Senior Harbour Indenture as permitted pursuant to the Loan Agreement. Nothing in the Loan Agreement is intended nor shall be construed in any way to prohibit or impose any limitations upon the issuance or incurrence by the Agency of Subordinate Debt or of loans, bonds, notes, advances or other indebtedness that is not secured by tax increment revenues of the Project Area.

Notwithstanding any other provision of the Loan Agreement or of the Senior Harbour Indenture, the Agency covenants that it will not issue any additional bonds under the Senior Harbour Indenture unless the Agency

files with the Trustee a report of an Independent Consultant to the showing that, after giving effect to the issuance of such additional bonds, the Agency would be in compliance with the requirements of the Loan Agreement with respect to the Loan and any Parity Debt as if the Loan and any such Parity Debt were issued simultaneously with the issuance of such additional bonds.

Disposition of Property. The Agency will not, except as otherwise provided in the Loan Agreement, authorize the disposition of any real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except for public ownership or use contemplated by the Redevelopment Plan in effect on the date of adoption of the Loan Agreement, or property to be used for public streets or public off-street parking facilities or easements or rights of way for public utilities, or other similar uses) if such dispositions, together with all similar prior dispositions on or subsequent to the effective date of the Loan Agreement, shall comprise more than ten per cent (10%) of the land area in the Project Area. If the Agency proposes to make any such disposition which, together with all similar dispositions on or subsequent to the effective date of the Loan Agreement, shall comprise more than ten per cent (10%) of the land area in the Project Area, it shall cause to be filed with the Authority and the Bond Insurer a Report of an Independent Consultant on the effect of such proposed disposition. If the Report concludes that the Pledged Tax Revenues will not be materially reduced by such proposed disposition, the Agency may proceed with such proposed disposition upon the consent of the Bond Insurer. If the Report concludes that Pledged Tax Revenues will be materially reduced by such proposed disposition, the Agency shall as a condition precedent to proceeding with such proposed disposition, require that such new owner or owners either:

(1) deposit in the Special Fund, so long as the Loan remains unpaid, an amount equal to the amount that would have been received by the Agency as Pledged Tax Revenues if such property were assessed and taxed in the same manner as privately-owned non-exempt property, which payment shall be made within thirty (30) days after taxes for each year would become payable to the taxing agencies for non-exempt property and in any event prior to the delinquency date of such taxes established by law; or

(2) deposit to the Special Fund a single sum equal to the amount estimated by an Independent Consultant to be receivable from taxes on such property from the date of such payment to the final maturity of the Loan, less expected earnings on such amount calculated at 5% per annum.

Nondiscrimination. During the performance of the Loan Agreement, Agency, any contractor and its subcontractors shall not deny the contracts' benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age or sex. The Agency, any contractor and its subcontractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

Amendment of Redevelopment Plan. The Agency will not amend the Redevelopment Plan except as provided under the Loan Agreement. If the Agency proposes to amend the Redevelopment Plan, it shall cause to be filed with both the Authority and the Bond Insurer a Report of an Independent Consultant on the effect of such proposed amendment. If the Report concludes that Pledged Tax Revenues will not be materially reduced by such proposed amendment, the Agency may undertake such amendment. If the Report concludes that Pledged Tax Revenues will be materially reduced by such proposed amendment, the Agency may not undertake such proposed amendment without the prior written consents of the Authority and the Bond Insurer. Any such amendments consented to by the Bond Insurer must be sent to the Rating Agency. For purposes of the Loan Agreement, a valuation of Pledged Tax revenues in excess of 5% shall be deemed material.

Events of Default and Remedies

Events of Default and Acceleration of Loan. The following events shall constitute Events of Default:

(a) failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the Loan pursuant to the when and as the same shall become due and payable;

(b) the occurrence of an event of default with respect to any Parity Debt which causes all principal of such Parity Debt to become due and payable immediately;

(c) failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in the Loan Agreement, other than as referred to in the preceding subsection (a), for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the Agency by the Authority, or to the Agency and the Authority; provided, however, that if the failure stated in such notice can be corrected, but not within such 60-day period, the Authority may consent to an extension of such time if corrective action is instituted by the Agency within such 60-day period and diligently pursued until such failure is corrected;

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

(e) any representation or other written statement made by the Agency contained in the Loan Agreement or in any instrument furnished in compliance with or in reference thereto shall prove to have been incorrect in any material respect.

If an Event of Default has occurred and is continuing, the Authority may, with the consent of the Bond Insurer, (1) declare the principal of the Loan, together with the accrued interest on all unpaid installments thereof, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Loan Agreement to the contrary notwithstanding, and (2) exercise any other remedies available to the Authority in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the Authority shall give notice of such Event of Default to the Agency by telephone, telecopier, facsimile or other telecommunication device, promptly confirmed in writing sent by U.S. mail. This provision, however, is subject to the condition that if, at any time after the principal of the Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Authority a sum sufficient to pay all installments of principal of the Loan matured prior to such declaration and all accrued interest thereon, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Loan, and the reasonable expenses of the Authority (including but not limited to attorneys fees), and any and all other defaults known to the Authority (other than in the payment of principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then, and in every such case, the Authority may, with the consent of the Bond Insurer or shall upon the direction of the Bond Insurer, by written notice to the Agency, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Funds upon Default. All amounts received by the Authority pursuant to any right given or action taken by the Authority under provisions of the Loan Agreement, or otherwise held by the Authority upon the occurrence of an Event of Default, shall be applied by the Authority in the following order:

First, to the payment of the costs and expenses of the Authority, including reasonable compensation to their agents, attorneys and counsel; and

Second, to the payment of the whole amount of interest on and principal of the Loan and any Parity Debt then due and unpaid, with interest on overdue installments of principal and interest at the rate of the lesser of 12% per annum or the maximum rate permitted by law; provided, however, that in the event such amounts shall be insufficient to pay in full the amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Loan and any Parity Debt then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full;

(b) second, to the payment of principal of all installments of the Loan and any Parity Debt then due and unpaid, other than principal having come due and payable solely by reason of acceleration pursuant to the Trust Agreement on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full;

(c) third, to the payment of principal of the Loan and any Parity Debt then due and unpaid and having come due and payable solely by reason of acceleration under the Loan Agreement or otherwise, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full; and

(d) fourth, to the payment of interest on overdue installments of principal and interest on the Loan and any Parity Debt, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

No Waiver. Nothing in the Loan Agreement shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged under the Loan Agreement, all payments due under the Loan Agreement, or affect or impair the rights of action, which are also absolute and unconditional, of the Authority and the Bond Insurer to institute suit to enforce such payment by virtue of the contract embodied in the Loan Agreement.

A waiver of any default by the Authority or the Bond Insurer shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Authority or the Bond Insurer to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Authority and the Bond Insurer by the Loan Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority and the Bond Insurer.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Authority, the Agency and the Authority shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Assignment. The Loan Agreement will be assigned by the Authority to the Trustee pursuant to the Trust Agreement and the Agency consents to such assignment. The Agency further agrees to include the Trustee in the indemnity provision of the Loan Agreement to the same extent as provided to the Authority.

Benefits Limited to Parties. Nothing in the Loan Agreement, expressed or implied, is intended to give to any person other than the Agency, the Authority, and the Bond Insurer any right, remedy or claim under or by reason of the Loan Agreement. All covenants, stipulations, promises or agreements contained in the Loan Agreement by and on behalf of the Agency shall be for the sole and exclusive benefit of the Authority and the Bond Insurer.

Miscellaneous

Discharge of Loan Agreement. If the Agency shall pay and discharge the entire indebtedness under the Loan Agreement by paying or causing to be paid the principal of, interest and prepayment premium (if any) and expenses on the Loan, as and when the same become due and payable; then, at the election of the Agency, but only if all other amounts then due and payable under the Loan Agreement shall have been paid or provision for their payment made, the pledge of and lien upon the Pledged Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Authority and the Agency under the Loan Agreement with respect to the Loan shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Authority, from the amounts so deposited with the Authority or such other fiduciary, all sums due with respect to the Loan Agreement and all expenses and costs of the Authority. Notice of such election shall be filed with the Authority and the Bond Insurer.

Any funds thereafter held by the Authority under the Loan Agreement, which are not required for said purposes, shall be paid over to the Agency.

All or any portion of unpaid principal installments of the Loan payment shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in this section (except that the Agency shall remain liable for such Loan payment, but only out of such money or securities deposited with the Authority for such payment), if (i) there shall have been deposited with the Authority either money in an amount which shall be sufficient, or Defeasance Securities (as defined in the Trust Agreement which are not subject to redemption prior to maturity except by the holder thereof (including any such securities issued or held in book entry form), the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Authority, shall be sufficient to pay when due the principal installments of such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto, and (ii) an opinion of nationally recognized bond counsel acceptable to the Authority is filed with the Authority to the effect that the action taken pursuant to this paragraph will not cause the interest on the Bonds to be includable in gross income under the Code for federal income tax purposes.

Amendment. The Loan Agreement may only be amended by the parties in writing, subject to the provisions of the Trust Agreement.

Waiver of Personal Liability. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or the interest under the Loan Agreement; but nothing in the Loan Agreement contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Payment on Business Days. Whenever in the Loan Agreement any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day and no further interest shall accrue.

Indemnification. The Agency shall, to the extent permitted by law, indemnify and hold harmless the Authority, the Trustee and their members, directors, officers, employees and agents, from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever, including, but not limited to, losses, claims, damages, liabilities or expenses arising out of, resulting from or in any way connected with (1) the Loan Agreement, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of any project financed by the Loan or any part thereof; (2) the carrying out of any of the transactions contemplated by the Loan Agreement or any related document; (3) information provided by the Agency which is used in the offering for sale of the Bonds; or (4) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance on or near, the projects financed by the Loan. The Agency shall, to the extent permitted by law, pay or reimburse the Authority and its members, directors, officers, employees and agents for the Agency's pro rata share of any and all reasonable costs, reasonable attorneys' fees, liabilities or expenses incurred in connection with investigating, defending against or otherwise in connection with any such losses, claims, damages, liabilities, expenses or actions. Notwithstanding anything to the contrary in the Loan Agreement, the Authority shall not be entitled to payment, reimbursement or indemnification with respect to actions involving willful misconduct, default or gross negligence on the part of the Authority. The provisions of this paragraph shall survive the discharge of the Agency's obligations under the Loan Agreement and shall apply to any trustee or other assignee covered under the Loan Agreement.

Bond Insurer as Third Party Beneficiary. To the extent that the Loan Agreement confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Loan Agreement, the Bond Insurer is explicitly recognized as being a third-party beneficiary under the Loan Agreement and may enforce any such rights, remedy or claim conferred, given or granted thereunder.

APPENDIX C

BOOK ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York 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). One fully registered Bond certificate will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC 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.

Purchases of 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, but 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may with 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 Cede & Co. if less than all of the Bonds within an issue are being redeemed. DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal and interest payments 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 Agency on a 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 each Participant and not of DTC nor its nominee, the Agency or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest and accreted value, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority, the Agency or the Trustee, or the Authority or the Agency may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered and will be subject to the registration, transfer and exchange provisions provided for in the Trust Agreement.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Agency believe to be reliable, but the Authority and the Agency take no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of August 1, 2003, is executed and delivered by the Richmond Redevelopment Agency (the "Agency") and Union Bank of California, N.A., as trustee and in its capacity as dissemination agent hereunder (the "Trustee" and "Dissemination Agent") in connection with the issuance by the Richmond Joint Powers Financing Authority (the "Authority") of its $_____ aggregate principal amount of Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds") and its $_____ aggregate principal amount of Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds" and, together with the Series 2003A Bonds, the "Bonds"). The Bonds are being issued pursuant to Resolution No. 03-01 of the Authority and Resolution No. 03-24 of the Agency, each adopted July 22, 2003, and a Trust Agreement, dated as of August 1, 2003 (the "Trust Agreement"), between the Authority and the Trustee. The Agency, the Dissemination Agent and the Trustee covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency, the Dissemination Agent and the Trustee for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement and the Loan Agreement, dated as of August 1, 2003 (the "Loan Agreement"), between the Agency and the Authority, described in the Official Statement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

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

"Disclosure Representative" shall mean with respect to the Agency, the Chief Executive Officer of the Agency or the Redevelopment Agency Director or his or her designee, or such other officer or employee as the Agency shall designate in writing to the Trustee and the Dissemination Agent from time to time.

"Dissemination Agent" means Union Bank of California, N.A., acting in its capacity as Dissemination Agent hereunder or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Trustee a written acceptance of such designation.

"Fiscal Year" shall mean with respect to the Agency, the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month. or fifty-two week period hereafter selected by the Agency, with notice of such selection or change in fiscal year to be provided as set forth herein.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information regarding the National Repositories as of a particular date is available on the Internet at www.sec.gov/consumer/nrmsir.htm

"Repository" means each National Repository and each State Repository.

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

"State Repository" means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

"Underwriter" means the original underwriter of the Bonds.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Agency's Fiscal Year (presently June 30), commencing with the report for the 2002-03 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Agency may be submitted from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if it is not available by that date. If the Fiscal Year changes for the Agency, the Agency shall give notice of such change in the same manner as for a Listed Event under Section 5(f) hereof.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Agency shall provide its Annual Report to the Dissemination Agency and Trustee. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report from the Agency, the Dissemination Agent shall notify the Agency of such failure to receive the report. The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) Unless the Agency has done so pursuant to Section 3(a) above, the Dissemination Agent shall:

(i) determine the name and address. of each National Repository and each State Repository, if any, each year prior to the date for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the Authority or the Agency, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement dated _____, 2003, relating to the Bonds):

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Agency's

audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following additional items:

1. Annual Debt Service Requirements, but only in the event of any unscheduled redemption, defeasance or new issue;

2. Table 1 - Historical Taxable Values and Tax Increment Revenues – Project Area;

3. Table 2 - Ten Major Property Tax Assessees – Project Area;

4. Table 3 - Projection of Incremental Tax Revenue – Project Area; and

5. Table 7 – Projected Debt Service Coverage.

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

Section 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the security;

7. Modifications to rights of security holders;

8. Bond calls;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Bonds;

11. Rating changes.

(b) Promptly after obtaining actual knowledge of the occurrence of any of the Listed Events at the principal corporate trust office of the Trustee in San Francisco, California, the Trustee shall contact the Authority and the Agency at their notice addresses in the Trust Agreement, inform them of the event, and request that the Agency or the Authority promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f) and promptly direct the Trustee whether or not to report such event to the Bondholders. In the absence of such direction the Trustee shall not report such event unless otherwise required to be reported by the Trustee to the Bondholders under the Trust Agreement. The Trustee may conclusively rely upon such direction (or lack thereof). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Trust Agreement. The Trustee shall have no responsibility to determine the materiality of any of the Listed Events.

(c) Whenever the Agency obtains knowledge of the occurrence of any Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Agency or the Authority shall determine as soon as possible if such event would constitute material information for Holders of Bonds within the meaning of the federal securities laws.

(d) If the Agency has determined that knowledge of the occurrence of a Listed Event would be material, the Agency shall notify the Dissemination Agent promptly in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Agency determines that the Listed Event would not be material, the Agency shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Trust Agreement and notice of any other Listed Event is only required following the actual occurrence of the Listed Event; and

(g) The Dissemination Agent may rely conclusively on an opinion of counsel that the Agency'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 Agency, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

Section 7. Dissemination Agent. From time to time, the Agency may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Union Bank of California, N.A. The Dissemination Agent may resign by providing thirty (30) days written notice to the Agency and the Trustee (if the Trustee is not the Dissemination Agent). The Dissemination Agent shall have not duty to prepare any information report

nor shall the Dissemination Agent by responsible for filing any report not provided to it by the Agency in a timely manner and in a form suitable for filing.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Agency which does not impose any greater duties nor any greater risk of liability on the Trustee or Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

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

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) in the opinion of the Trustee or nationally recognized bond counsel, does not materially impair the interests of the holders or beneficial owners of the Bonds.

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

Section 10. Default. In the event of a failure of the Agency or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may and, at the request of the Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Article VI of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement and the Agency agrees to indemnify and hold harmless the Dissemination Agent and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, and Trustee, their officers, directors,

employees and agents, harmless against any loss, expense and liabilities which any of them may incur arising out of or in the exercise of performance of their respective powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or Trustee's respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with an agreed upon schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall both be deemed to be acting in any fiduciary capacity for the Agency, the Bondholders, or any other party under this Disclosure Agreement. Neither the Trustee or the Dissemination Agent shall have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Disclosure Agreement. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. Any company succeeding to all or substantially all of the Dissemination Agent's business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper on any further act.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, the Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. Neither the Trustee not the Dissemination Agent shall be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

Section 13. California Law. This Disclosure Agreement shall be constructed and governed in accordance with the laws of the State of California.

Section 14. Notices. All written notices to be given hereunder shall be given in person or by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

To the Agency:	Richmond Redevelopment Agency City Hall, Room 301 2600 Barrett Avenue Richmond, California 94804 Attention: Executive Director Fax: (510) 307-8149
	(with copies to the City Attorney and the Treasurer)
To the Trustee and Dissemination Agent:	Union Bank of California, N.A. 475 Sansome Street, 12th Floor San Francisco, California 94111 Attention: Corporate Trust Department Fax: (510) 296-6757

The Trustee, the Dissemination Agent and the Agency may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Unless specifically otherwise required by the context of this Disclosure Agreement, any notices required to be given hereunder to the Trustee, the Dissemination Agent or the Agency may be given by

any form of electronic transmission capable of producing a written record. Each such party shall file with the Trustee information appropriate to receiving such form of electronic transmission.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

RICHMOND REDEVELOPMENT AGENCY

By:_____
Redevelopment Agency Director

UNION BANK OF CALIFORNIA, N.A., as
Trustee and Dissemination Agent

By:_____
Authorized Officer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD AND STATE REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Richmond Joint Powers Financing Authority

Name of Bond Issue: Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and
Tax Allocation Revenue Bonds, Series 2003B (Taxable)

Date of Issuance: _____, 2003

NOTICE IS HEREBY GIVEN that the Richmond Redevelopment Agency (the "Agency") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of August 1, 2003 executed by the Agency for the benefit of the holders and beneficial owners of the above-referenced bonds. The Agency anticipates that the Annual Report will be filed by _____.

Dated:

RICHMOND REDEVELOPMENT AGENCY

By:_____
Its:_____

cc: Richmond Joint Powers Financing Authority
2600 Barrett Avenue
Richmond, California 94804

Union Bank of California, N.A.
475 Sansome Street,
12th Floor San Francisco, California 94111

APPENDIX E

PROPOSED FORM OF BOND COUNSEL FINAL OPINION

Upon delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, proposes to render its final opinion with respect to the Bonds in substantially the following form:

[Date of Issuance]

Richmond Joint Powers Financing Authority
Richmond, California

Re: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and Tax Allocation Revenue Bonds, Series 2003B (Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Richmond Joint Powers Financing Authority, California (the "Authority") of its $_____ aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds") and $_____, aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B Bonds (Taxable) (the "Series 2003B Bonds" and, together with the Series 2003A Bonds, the "Bonds") issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended, and a Trust Agreement, dated as of August 1, 2003 (the "Trust Agreement"), by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"). A Loan Agreement, dated as of August 1, 2003 (the "Loan Agreement"), by and between the Authority and the Richmond Redevelopment Agency (the "Agency") and the Trust Agreement were approved by Resolution No. 03-01 of the Authority adopted on July 22, 2003. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, the Loan Agreement, the Tax Certificate of the Authority and the Agency, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Authority, the Agency, and the Trustee, certificates of the Authority, the Agency, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement, the Loan Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. 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 Authority. 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 Trust Agreement, the Loan 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 Series 2003A Bonds to be included in gross income for federal income tax purposes.

In addition, we call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Loan 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 exercise of powers authorities and redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. 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 valid and binding limited obligations of the Authority.

2. The Trust Agreement has been duly adopted by, and constitutes a valid and binding obligation of the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of 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 upon the terms and conditions set forth in the Trust Agreement.

3. The Loan Agreement has been duly adopted by, and constitute, a valid and binding obligation of, the Authority and the Agency. The Loan Agreement creates valid pledge of the Pledged Tax Revenues to secure the obligation to make Loan Payments thereunder, subject to the provisions of such agreements permitting the application thereof for the purposes and upon the terms and conditions set forth therein.

4. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the City of Richmond or the State of California and the City of Richmond and the State of California are not liable for the payment thereof.

5. Interest on the Series 2003A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Series 2003A 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. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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APPENDIX F

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

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FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Assistant Secretary

SPECIMEN

STD-R-CA-6
4/95

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APPENDIX G

FISCAL CONSULTANT REPORT

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FISCAL CONSULTANT REPORT

Richmond Redevelopment Agency

Merged Project Area

July 2003

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Section A - Introduction

The Richmond Joint Powers Financing Authority (Authority) is considering the issuance of Tax Allocation Bonds (Bonds). The Bonds will be secured through a Loan Agreement (Loan) with the Richmond Redevelopment Agency (Agency). The Agency intends to pledge a portion of the tax increment revenues generated from the Merged Project Area (Project Area) to repayment of the Loan.

The purpose of this Fiscal Consultant Report (Report) is to provide in depth information about the tax increment revenues to be used to support repayment of the Loan. The Report includes the following sections that address various aspects of the revenue stream:

A. **Introduction**: This section provides an overview of the Report and its purpose.
B. **General Information**: Provides information on the Project Area, including a general description of the Redevelopment Plans and the financial and time limits of the nine constituent Project Areas that comprise the Merged Project Area. A brief description of the systems and procedures used by Contra Costa County for the allocation of tax increment is also included in this section.
C. **Taxable Values and Historical Revenues**: Information in this section includes a description of the categories of taxable values, the historical trends in values and revenues and the Top Ten Assessees in the Project Area.
D. **Assessment Appeals**: The findings from a review of the records of the Contra Costa County Assessment Appeals Board are included in this section.
E. **Estimate of Current and Future Revenues**: This part of the report includes the tax increment projections for the Project Area.
F. **Adjustments and Liens on Revenue**: This section provides information on and the estimated impact of adjustments and liens on the revenue stream.
G. **Other Issues**: This final section describes certain provisions of the Community Redevelopment Law (CRL) and court cases that could affect the tax increment revenues of the Project Area.

The value and revenue estimates contained in this Report are based upon information and data which we believe to be reasonable and accurate. The assessment practices and county allocation procedures discussed in this Report are based on information provided by representatives of Contra Costa County. Assessment practices and allocation procedures are set, in part, administratively and can be changed. Nothing came to our attention during this review to indicate changes are imminent. To a certain extent, the estimates of revenue are based on assumptions that are subject to a degree of uncertainty and variation and therefore we do not represent them as results that will actually be achieved. However, they have been conscientiously prepared on the basis of our experience in the field of financial analysis for redevelopment agencies.

Section B - General Information

The Merged Project Area

The Merged Project Area consists of nine formerly "independent" redevelopment project areas (Constituent Project Areas). The Constituent Project Areas were merged together for financing purposes on July 13, 1999 and include:

- No. 1-A Eastshore
- No. 1-C Potrero
- No. 3-A Galvin
- No. 6-A Harbor Gate
- No. 8-A Hensley
- No. 10-A Downtown
- No. 10-B Nevin Center
- No. 11-A Harbour
- No. 12-A North Richmond

As part of the merger process, territory was also added to Project Areas 1-A, 6-A, 8-A, 10-A, 10-B and 11-A (2000 Amendment Areas).

Also as part of the amendment, a combined tax increment limit of $521,400,000 was established. The combined limit applies to tax increment revenues received after the effective date of the ordinance (December 22, 1986) that established the limit in each of the Constituent Projects. The combined tax increment limit does not apply to the Added Area, nor to the territory that was added to Project 6-A on June 26, 1995. Those areas were added after the implementation of various changes to the Community Redevelopment Law (CRL) that were triggered by legislation commonly referred to as AB 1290. AB 1290 eliminated the need to establish a cumulative tax increment limit for new redevelopment project areas or areas that were added to existing project areas. Through the 2001-02 fiscal year, it is estimated that the Agency has received $105.6 million in tax increment for the portions of the Merged Project Area subject to the tax increment limit. Based on the projections of tax increment prepared for the Agency the cumulative tax increment limit will not be reached before the end of the period to receive tax increment for the various Constituent Project Areas.

The Agency also established a combined limit on the principal amount of bonded indebtedness that can be outstanding at any one time. That limit is $250 million and applies to the entire Merged Project Area. As of April 2003 the Agency had approximately $53 million in bonds outstanding.

AB 1290 also required that redevelopment project areas include limitations on the time period to incur and repay debt with tax increment and on the period when a redevelopment plan can be effective. Initially, a project area's time limits were the shorter of: 1) the limits contained in the redevelopment plan; or 2) the maximum time

limits included in AB 1290. Subsequent legislation (AB 1342), allowed a project area's time limits to be extended to the maximum allowed by AB 1290. The Agency used this legislation to extend certain time limits for the Constituent Project Areas. The extension of the time limits has had the impact of triggering statutory pass through payments, as discussed further in Section F of this report. The Agency further extended the date to incur debt in Project Area 11-A to January 1, 2014 as part of the amendment that merged the Constituent Project Areas. As a result, the limits to incur debt vary amongst the Constituent Project Areas with some deadlines occurring as early as 2004 and some as late as 2015.

Legislation approved in 2001 (SB 211) allows a redevelopment agency to delete the debt incurrence date from its redevelopment plan for those project areas that were adopted prior to December 31, 1993. The amendment of the redevelopment plan can be accomplished without the need to follow the noticing, hearing and documentation required for a normal plan amendment. The legislative body need only adopt an ordinance to delete the debt incurrence limit per SB 211. The Agency intends to remove the debt incurrence limit from those Constituent Project Areas shown below. The currently required amount of AB 1290 pass through payments will only be increased for the 10A Downtown Project due to the SB 211 amendment. Payments will be triggered in 2004-05, which is six years sooner than would be required if the SB 211 amendment were not processed.

Constituent Project Area	Primary Land Use	Acres	Original Adoption	Last Date to Incur Debt	Time Limit for Plan	Time Limit For TI Receipt
Pre-2004 Limit Areas						
1A Eastshore	Residential	123	8/26/1957	1/1/2004 *	1/1/2009	1/1/2019
1C Potrero	Residential	150	4/4/1960	1/1/2004 *	1/1/2009	1/1/2019
3A Galvin	Industrial	95	2/28/1955	1/1/2004 *	1/1/2009	1/1/2019
6A Harbor Gate (Original)	Industrial	118	11/8/1954	1/1/2004 *	1/1/2009	1/1/2019
8A Hensley (Original)	Industrial	90.5	5/29/1960	1/1/2004 *	1/1/2009	1/1/2019
8A Hensley (1980 Area)	Industrial	23.5	3/31/1980	1/1/2004 *	3/31/2020	3/31/2030
10A Downtown	Comm.	107	5/23/1966	1/1/2004 *	1/1/2009	1/1/2019
10B Nevin	Residential	17	9/18/1972	1/1/2004 *	9/18/2012	9/18/2022
12A North Richmond	Comm.	19	9/18/1972	1/1/2004 *	9/18/2012	9/18/2022
Post 2004 Limit Areas						
1A Eastshore (2000 Area)	Comm.	14	7/13/1999	7/13/2019	7/13/2029	7/13/2044
6A Harbor Gate (1995 Area)	Industrial	616	6/26/95	7/26/2015	7/26/2025	7/26/2040
6A Harbor Gate (2000 Area)	Industrial	16	7/13/1999	7/13/2019	7/13/2029	7/13/2044
8A Hensley (2000 Area)	Residential	666	7/13/1999	7/13/2019	7/13/2029	7/13/2044

Constituent Project Area	Primary Land Use	Acres	Original Adoption	Last Date to Incur Debt	Time Limit for Plan	Time Limit For TI Receipt
10A Downtown (2000 Area)	Comm.	174	7/13/1999	7/13/2019	7/13/2029	7/13/2044
10B Nevin (2000 Area)	Comm.	10	7/13/1999	7/13/2019	7/13/2029	7/13/2044
11 A Harbour	Comm.	964	6/09/75	1/1/2014*	6/9/2015	6/9/2025

* Shows the Constituent Project Areas where the debt incurrence limit will be deleted.

For purposes of the Authority's 2000 Tax Allocation Revenue Bonds the Constituent Project Areas had been grouped according to the date when their debt limit occurs. Those Constituent Project Areas whose last date to incur debt was January 1, 2004 are referred to as the Pre-2004 Limit Areas and those that can incur debt after this date are referred to as the Post-2004 Limit Areas. Only the Post-2004 Limit Areas will be pledged to the bond issue currently being considered. As a result, information in this report is presented only for the Post-2004 Limit Areas. It should also be noted that the 2002-03 assessed value for Project 6A Harbor Gate (1995 Area) is currently below the base year value and has not been included in the tax increment revenue estimates for the Post-2004 Limit Areas.

Shown below is a land use table for the Post-2004 Areas.

LAND USE CATEGORY SUMMARY 2002-03

	Parcels	Taxable Value	Percent of Total
Residential	1,416	$364,358,062	38.73%
Commercial	356	115,598,366	12.29%
Industrial	85	312,954,058	33.27%
Vacant Land	208	31,882,555	3.39%
Other	235	28,797,444	3.06%
Total Secured	2,300	853,590,485	90.74%
Unsecured / State Assessed		87,118,431	9.26%
Grand Total		**$940,708,916**	**100.00%**

Property Tax Allocation Procedures

The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. Incorrectly allocated revenues can result in a redevelopment project area receiving erroneous amounts of revenue. In addition, the method a county uses to allocate delinquent taxes, roll corrections and property tax refunds will impact the amount of tax increment received. For these reasons, Contra Costa County's procedures for the allocation of property taxes and tax increment were evaluated.

Contra Costa County calculates tax increment to redevelopment project areas by applying the current year secured tax rate to secured and unsecured incremental taxable value. The County also allocates unitary revenue to redevelopment projects. The allocation of unitary revenue is based on revenues received in 1987-88, adjusted by the actual growth or decline in unitary revenues on a countywide basis.

Tax increment is allocated based on 100 percent of the County calculated levy. The method is often referred to as the Teeter Plan. Under the Teeter Plan, taxing entities and redevelopment projects are shielded from the impact of delinquent property taxes. The County also does not adjust tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments.

Section F of this Report includes a discussion of the impact of the County's allocation practices on the Project Area's tax increment revenues.

Section D – Taxable Values and Historical Revenues

Taxable Values

Property is valued as of January 1 of each year. Property which is subject to taxation is valued at 100 percent of it full cash value. Locally assessed property is appraised by the county assessor's office. The State Board of Equalization (SBE) values state assessed property.

Real property consists of land and improvements and can either appear on the secured or the unsecured roll. The secured roll includes property on which the property tax levied becomes a lien on the property to secure payment of taxes. Unsecured property does not become a lien on such property, but may become a lien on other property of the taxpayer.

Locally assessed real property is subject to the provisions of Article XIII A of the California Constitution, commonly referred to as Proposition 13. Under Proposition 13, property is valued based either on its value in 1975-76 or if newly constructed or sold after this date, then on the full cash value of the property at that time. Property values may only increase annually by an inflation factor of up to 2 percent annually. The Proposition 13 value of property is sometimes referred to as the factored base year value. Pursuant to Section 51 (b) of the Revenue and Taxation Code, assessors must enroll the lesser of the market value or the factored base year value of property.

Personal property values can be classified as either secured or unsecured property. Personal property is not subject to the provisions of Proposition 13. Personal property is appraised annually at the full cash value of the property. Absent new acquisitions, the full cash value of personal property tends to decline over time as a result of depreciation. Fixtures, while categorized as real property and subject to the restrictions of Proposition 13, are also subject to declining values through depreciation.

State-assessed property is also not subject to the provisions of Proposition 13. Such property is valued by the SBE based on the full cash value of the property. State-assessed property is categorized as secured property and is either unitary or non-unitary property. Since 1987-88, unitary property has been reported on a countywide basis, with unitary revenues allocated to taxing entities and redevelopment projects pursuant to a formula contained in AB 454 (Chapter 921, Statues of 1986). State-assessed non-unitary values and railroad values are reported at the local tax rate area level.

Project Area Value Trends

Table 1 shows the historical taxable values for the Post-2004 Limit Areas over the past five years. For 1998-99 and 1999-2000 the taxable values reported for the Post-2004 Limit Areas excluded the value of the 2000 Amendment Areas, as these areas were not eligible to receive tax increment until 2000-01. As a result, the 1998-99 and 1999-2000 values understate the total value of the Post-2004 Limit Areas as it exists today and suggest that a review of growth from 2000-01 is more accurate. Taxable values have increased from $732.9 million in 2000-01 to $940.7 million in 2002/03. The total percentage change was 28 percent over the three-year period. The average annual percentage change in values was 13 percent.

Between 2000-01 and 2002-03, secured taxable values for the Post-2004 Limit Areas have increased by $197.0 million. Most of this value increase occurred in the Harbour 11A Constituent Project Area, where secured values have increased by $144.7 million since 2000-01. Value increases in the Harbour 11 A Project was largely driven by new development activity. Major new development included: the Dicon Office Campus ($65 million); the Bay West R&D development ($17.6 million); the Marina Center light industrial development ($10.2 million); and the construction of several smaller new development projects ($5.9 million). In addition, one significant transfer of ownership further increased value by approximately $14.7 million in the Harbour 11A Project.

The 2000 Amendment Areas also showed an increase in secured values by approximately $52.3 million between 2000-01 to 2002-03. Changes of ownership added almost $20 million of the value increase. New development activity also added approximately $4.0 million in new value. The balance of growth can be attributed to the allowable 2 percent inflation factor, other new investment activity, and numerous changes of ownership.

As previously stated, the 2002-03 assessed value for the Harbor Gate 6A Project (1995 Amendment) is below the base year value for the Project Area. The Project declined in value in 2002-03 by $42 million. All of this value decline is attributed to a successful assessment appeal for a parcel owned by ICI Americas, Inc. The value of the parcel declined from $72.3 million in 2001-02 to $22.8 million in 2002-03. This was the site of the Stoufter Chemical Plant, which has undergone toxic remediation. The reduction in value was due to the toxic pollution that existed on the site. The site was sold as of the end of 2002.

A parcel verification was not performed as part of our analysis of taxable values.

Historical Tax Increment Revenues

Table 1 provides information on the historical receipt of tax increment revenues in the Post-2004 Limit Areas. The initial County levy is compared to the actual receipt of tax increment (exclusive of supplemental revenues) to determine collection trends. As shown on Table 1, actual receipts of tax increment have been between 99.05 percent and 100.25 percent of the levy in the past four fiscal years for the Post-2004 Limit Areas. On average, the Agency has received approximately 99.76 percent of the levy over the past four years.

Supplemental property tax receipts are also shown on Table 1. Supplemental taxes are a function of new construction or changes of ownership since the last property tax lien date. Supplemental property taxes have ranged from $224,593 in 1998-99 to $382,448 in 2000-01. When supplemental revenues are included, the Post-2004 Limit Areas have received, on average, 104.80 percent of the levy.

Top Ten Assessees

The Top Ten Assessees in the Post-2004 Limit Areas are summarized on Table 2. Taxable value for the Top Ten Assessees represents 32.27 percent of the overall value of the Post-2004 Limit Areas.

Section E – Assessment Appeals

Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the SBE. Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If an assessee is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent annually. Appeals can also be filed pursuant to Section 51 (b) of the Revenue and Taxation Code. Under this section of the code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor.

Due to the impact that assessment appeals can have on the taxable values and tax increment revenues of a project area, a review of recently resolved and open appeals was

conducted. The review revealed open appeals in the Post-2004 Limit Areas, as shown on the table below.

Open Appeals

Assessee	Roll Value	Estimated Resolved Value	Value Reduction
Catellus Development (1)	24,748,689	20,541,412	4,207,277
Dicon Fiberoptics Inc.	74,899,124	62,166,273	12,732,851
Cemex / USA	2,359,053	1,958,014	401,039
FMC Corporation	1,916,950	1,591,069	325,882
Home Deport USA Inc.	9,869,322	8,191,537	1,677,785
Citi Corp North America I	831,288	689,969	141,319
Target Corp	14,790,000	12,275,700	2,514,300
Fadelli, Andrew	2,080,799	1,727,063	353,736
Total	**131,495,225**	**109,141,037**	**22,354,188**

1) Includes open appeals from 2001-02.

We have estimated the potential impact of the open appeals based on success factor ratios over the past three fiscal years in the Project Area. On average, 41 percent of applicants have been successful with appeals and have received a 40 percent reduction in value. Based on these success ratios, we have assumed a 17 percent decrease in value and a reduction in future taxable values in the Post-2004 Limit Areas of $22.4 million. For purposes of the tax increment projections discussed in Section F, we have reduced taxable value for the impact of open appeals in the 2003-04 and 2004-05 fiscal years.

Contra Costa County does not allocate refunds attributable to assessment appeals to redevelopment project areas. Therefore, we have not reduced tax increment revenues for the impact of refunds.

Section F - Estimate of Current and Future Tax Increment Revenue

Tax increment revenues are calculated by first subtracting the base year value of a project area from the current year taxable value in order to determine the incremental taxable value of the project area. Applicable tax rates are then applied to the incremental taxable value in order to determine tax increment revenues.

Unitary revenues are allocated to each Constituent Project Area based on a formula contained in AB 454. Generally, the Agency receives unitary revenues for its project areas on the basis of amounts that were received in the prior fiscal year. The prior year

allocations are adjusted annually based on changes in unitary revenue on a countywide basis.

The Agency also receives supplemental property taxes for the Constituent Project Areas on an annual basis. Due to the difficulty of estimating supplemental revenues, we have not included such revenues in the projections. Supplemental property taxes typically increase the receipt of tax increment. However, transfers of ownership and other roll corrections can sometimes trigger refunds of property taxes and cause supplemental revenues to be negative.

Current Year Revenues

Projections of current year (2002-03) tax increment revenues are shown on Table 3. The values utilized are based on information provided by Contra Costa County.

Tax increment generated from the application of the tax rate to incremental taxable value for 2002-2003 is estimated at $8,025,000 in the Post-2004 Limit Areas. Tax rates are composed of the basic one percent tax rate and debt service tax rates (tax rates levied to repay voter approved indebtedness). Debt service tax rates for 2002-03 are based on the actual rates reported by the County. The overall tax rate that we applied to total incremental taxable value equals $1.1465 per $100 of assessed value. The major portion of the debt service tax rate is levied for pension obligations for the City of Richmond, which equals $0.1400 per $100 of assessed value.

Unitary revenue for the Post-2004 Limit Areas is estimated to equal $34,756 for the 2002-03 fiscal year. The estimates are based on the County's estimate of unitary revenues in each of the Constituent Project Areas that make up the Post-2004 Limit Areas for 2002-03.

Projected Revenues

Table 4 provide a projection of tax increment revenues through the remaining period when the Agency can receive tax increment for the Harbour 11 A Constituent Project Area. Real property shown on the tables consists of locally reported secured and unsecured land and improvement values. The other property category includes personal property and state assessed values.

The future level of real and other property values has been estimated based on actual values reported by Contra Costa County for 2002-03 (see "Current Year Revenues" above). For 2003-04 and future fiscal years, we have used a 2 percent factor in the Post-2004 Limit Areas. The 2 percent factor is the maximum inflation factor that county assessors can use to increase real property values. However, in certain fiscal years, the inflation factor has been less than 2 percent overall. Should inflation not reach 2 percent in the future, tax increment could be lower than that shown on Table 4 for the Post-2004 Limit Areas.

Increases in real property values have been offset by the estimated impact of open assessment appeals. Appeals are estimated to reduce real property values by $22.4 million in the Post-2004 Limit Areas. Reductions have been reflected for 2003-2004 and 2004-05 in the projections.

Tax increment has been estimated based on the application of the current year secured tax rate to the incremental taxable value of the Project Area. Debt service tax rates typically decline each year due to the growth of taxable values within the jurisdiction that levies the tax or as the debt is retired. However, because the major debt service tax rate that is levied in the Merged Project Area is for pension obligations of the City of Richmond, it is our understanding that this rate will go on in perpetuity. Based on information provided by City staff, the tax rate has been levied at $0.1400 per $100 of assessed value since 1982-83. We have confirmed that the rate has remained constant since 1991-92. The other portion of the debt service tax rate is levied by the East Bay Park District and is estimated to decline over time based on the average annual decline since 1996-97. The final year that this tax rate can be levied is 2020, when all of the bond obligations of the District will be retired.

The Agency is not eligible to receive tax increment from debt service tax rates that were approved by the voters after January 1, 1989. The tax rates used to estimate tax increment shown on Table 4 do not include post January 1, 1989 tax rates.

Unitary revenues shown in the projection are based on the 2002-03 estimated unitary revenues to be received for the Post-2004 Limit Areas, as provided by Contra Costa County. Unitary revenues have been held constant in the projection.

Section G – Adjustments and Liens on Tax Increment

The tax increment revenues of the Post 2004 Limit Areas are subject to certain adjustments and liens, as described in this section.

Adjustments to Revenue

One adjustment to tax increment revenues is for property tax administrative fees collected by Contra Costa County. State law allows counties to charge taxing entities, including redevelopment agencies, for the cost of administering the property tax collection system. The fees have been estimated and shown on Table 4.

Housing Set-Aside

Redevelopment agencies are required to deposit not less than 20 percent of the tax increment generated in a project area into a special fund to be used for qualified low and moderate-income housing programs. The housing set-aside deposit has been deducted from gross tax increment revenues to show estimated revenues that will be available for non-housing purposes.

Tax Sharing Payments

Pursuant to 1994 legislation, AB 1290, the Agency is required to make payments to the affected taxing entities from the Post-2004 Limit Areas. The payments are calculated somewhat differently for the Harbour 11 A Project and the 2000 Amendment Areas.

The payments for the Harbour 11A Project are required because the financial and time limitations for the Redevelopment Plan were amended since AB 1290 was enacted. Pass through payments are only due on increases in tax increment revenues above levels received in 2003-04, and will commence in 2004-05. For the 2000 Amendment Areas, pass through payments are due based on the total tax increment generated in those areas. The pass through payments are based on a three tier formula, and payments are made after the Agency's deposit to its housing set-aside. The table below shows the calculation methodology for the Harbour 11A Project and the 2000 Amendment Areas.

Tier	Payment Required
Tier 1	Harbour 11A: 20% of the gross tax increment attributable to increases above the 2003-04 assessed values during the remaining term the Agency receives tax increment. 2000 Amendment Areas: 20% of total tax increment during the entire term the Agency receives tax increment.
Tier 2	Harbour 11 A: Beginning in 2014-15, an additional payment equal to 16.8% of the gross tax increment attributable to growth above 2013-14 levels. 2000 Amendment Areas: Beginning in 2011-12, an additional payment equal to 16.8% of the tax increment attributable to growth above 2010-11 levels.
Tier 3	Harbour 11 A: No Tier 3 payments are due since the Project Area will no longer be receiving tax increment in the year in which this tier is triggered. 2000 Amendment Areas: Beginning in 2031-32, an additional payment equal to 11.2% of the tax increment attributable to growth above 2030-31 levels.

For the Post-2004 Limit Areas, tax sharing payments are currently being made from the 2000 Amendment Areas. In reviewing the calculations made by the County, we have noted that the County does not include any tax increment generated from debt service tax rates in the tax sharing payment amount. The County method understates tax sharing payments by approximately $18,000 for 2002-03. For purposes of the tax sharing payment amounts shown on Tables 4, we have included tax increment generated from debt service tax rates.

Senior Harbour Debt Service

The Agency issued tax allocation bonds in 1991 and 1998 that have a senior lien on certain tax increment revenues generated in the Harbour 11A Project. Maximum Annual Debt Service on those bond issues has been deducted in order to determine Post-2004 Pledged Tax Revenues.

Section H – Other Issues

The CRL requires that as a part of the Agency's annual audit, that the legislative body be informed of any major violations of the CRL. Major violations include failure to: 1) File an independent financial audit and fiscal statement; 2) Establish time limits for each project area; 3) Establish a low and moderate income housing fund and accrue interest to the fund; 4) Initiate development of housing on real property acquired from the low and moderate income housing fund; and 5) Adopt an implementation plan. We are not aware of any instances of non-compliance.

Educational Revenue Augmentation Fund (ERAF)

Due to a shortfall in the state budget, legislation was approved (AB 1768) that requires redevelopment agencies to shift $75 million of tax increment revenues to the ERAF. The shift to ERAF will offset the need for a similar amount of state aid to education. AB 1768 requires that the shift be made for the 2002-03 fiscal year only. The legislation requires that half of the shift be calculated on the basis of the 2000-01 gross tax increment of a project area and the other half on net revenues after tax sharing payments. We have estimated the ERAF contribution at $357,000 for the Merged Project Area.

There have been additional discussions at the state level for further ERAF shifts for 2003-04 and future fiscal years. One proposal contained in the Governor's budget would shift 25 percent of the school's share of tax increment to the ERAF. The amount would be calculated net of pass through payments. The amount would increase in 5 percent increments until agencies were sending 100 percent of the schools share to the ERAF. It is estimated that this proposal would result in a loss of $1 million in tax increment for 2003-04 for the Merged Project Area, and increase over time. No specific legislation has been approved as of the date of this report.

County of Orange v. Orange County Assessment Appeals Board

This case was decided at the Superior Court level and does not represent binding precedent in any future cases. Under the facts in the case, a property owner purchased property in 1995 that was placed on the 1996-97 tax roll at $330,000, which reflected the Proposition 13 base year value. In 1997-98, the property was not increased by the allowed 2 percent inflation factor, because the Assessor believed the resulting value would have exceeded the market value of the property. For 1998-99, the Assessor found that the factored base year value of the property (the value adjusted by 2 percent per year for 1997-98 and 1998-99) was less than the market value. The Assessor therefore enrolled the factored base year value. The issue of whether the inflation adjustment can exceed 2 percent per year was ultimately brought before the Superior Court.

The Court found that, based on the facts in this case, that the inflation adjustment couldn't exceed 2 percent per year when applied to the base year value of the property. However, the Court also stated that the value of property could be increased by more than 2 percent per year "in situations described in the law". This seems to indicate that increases of value that occur under Proposition 8 appeals that exceed 2 percent per year are not included in the Court's ruling. We are not aware of any property within the Project Area that would fall under the Court's decision.

Table 1
Richmond Redevelopment Agency
Merged Project Area

Historical Taxable Values and Tax Increment Revenues
Post- 2004 Limint Areas (1)

Description	1998/99	% Change	1999/00	% Change	(2) 2000/01	% Change (2)	2001/02	% Change	2002/03	% Change
Secured	394,554,156	16.79%	425,083,564	7.74%	656,603,680	N/A	732,909,329	11.62%	853,590,485	16.47%
Utility Roll	1,468,711	23.56%	1,456,315	-0.84%	1,955,004	N/A	2,058,701	5.30%	1,905,016	-7.47%
Unsecured	67,462,964	18.52%	67,306,204	-0.23%	74,355,864	N/A	92,397,288	24.26%	85,213,415	-7.77%
TOTAL VALUE	463,485,831	17.06%	493,846,083	6.55%	732,914,548	N/A	827,365,318	12.89%	940,708,916	13.70%
Base Year Value	51,052,120		51,052,120		240,766,019		240,766,019		240,766,019	
Incremental Value	412,433,711		442,793,963		492,148,529		586,599,299		699,942,897	
Tax Increment Levy	$4,808,565		$5,086,817		$5,642,586		$6,729,618		$8,025,057	
Unitary Revenue	$67,734		$68,671		$49,275		$47,832		$59,875	
TOTAL LEVY	$4,876,299		$5,155,488		$5,691,860		$6,777,450		$8,084,932	
Actual Receipts, less Supplemental Revenue	4,872,231		5,155,702		5,706,170		6,712,809	N/A		
PERCENTAGE OF LEVY	99.92%		100.00%		100.25%		99.05%	N/A		
Supplemental Revenues	224,593		175,944		382,448		350,922	N/A		
TOTAL RECEIPTS	5,096,824		5,331,646		6,088,618		7,063,730	N/A		
PERCENTAGE OF LEVY	104.52%		103.42%		106.97%		104.22%	N/A		

Total Percentage Assessed Value Change from 2000-01 to 2002/03 (3)	28.35%
Average Percentage Assessed Value Change from 2000-01 to 2002/03 (3)	13.29%
Average Receipts as a Percentage of Levy Without Supplementals (1998/99 to 2001/02)	99.76%
Average Receipts as a Percentage of Levy With Supplementals (1998/99 to 2001-02)	104.80%

(1) Includes Project 11-A and the 2000 Amendment Areas. The 1995 amendment for Project 6-A has been excluded since it is below base.
(2) Beginning in 2000-01, the assessed value includes the 2000 Amendment Areas, since this was the first year those areas were eligible to receive tax increment. The percentage increase is overstated because of this and has not been shown.
(3) The percentage increase has been shown since 2000-01, since this was when the 2000 Amendment Areas began to receive tax increment.

Table 2
Richmond Redevelopment Agency
Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES
POST 2004 LIMIT AREAS

Assessee	Type of Use	2002-03 Taxable Value (1)	%of Total Value (2)
1) Dicon Fiberoptics Inc.	Industrial	$74,899,124	7.96%
2) Security Capital Pacific Trust	Residential	43,687,991	4.64%
3) California Oils Corporation	Industrial	31,866,622	3.39%
4) BP West Coast Products LLC	Industrial	24,383,588	2.59%
5) Tosco Corporation	Industrial	23,558,589	2.50%
6) Richmond Marina Shores II	Residential	23,119,687	2.46%
7) Gillette, Rafanelli & Nahas	Residential	23,016,444	2.45%
8) Harbour Properties LLC	Industrial	20,992,820	2.23%
9) Levin Metals Corporation	Industrial	19,058,489	2.03%
10) Marina Cove Associates	Industrial	19,016,065	2.02%
Total Valuation		**303,599,419**	**32.27%**

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2002-03 Project Area taxable value of $ 940,708,916.

Source: Contra Costa County Assessor Records

Table 3
Richmond Redevelopment Agency
Merged Project Area

ESTIMATE OF TAX INCREMENT REVENUE FOR FISCAL YEAR 2002-03
POST 2004 LIMIT AREAS *

	Taxable Value (1)
Local Secured	
Land	318,409,076
Improvements	528,462,728
Personal Property	15,946,317
Gross Local Secured	862,818,121
Exempt	9,227,636
Net Local Secured	853,590,485
State Assessed	1,905,016
Unsecured	
Land	9,008,521
Improvements	23,661,119
Personal Property	52,650,643
Total Unsecured	85,320,283
Exempt	106,868
Net Unsecured	85,213,415
Total Value	940,708,916
Base Year Taxable Value	240,766,019
Incremental Taxable Value	699,942,897
Tax Increment (2)	8,024,845
Unitary Tax Increment	34,756
Total Tax Increment Revenue	**8,059,601**
Adjustments to Tax Increment Revenue:	
Property Tax Administration Fees (3)	80,596
Liens on Tax Increment	
Housing Set-Aside (4)	1,595,801
AB 1290 Tax Sharing (5)	141,247
Senior Harbour Debt Service (6)	2,336,563
Post-2004 Pledged Tax Revenues	**$3,905,395**

* Excludes Project 6A (1995 Area) which is below base.

(1) Based on taxable values per Contra Costa County Auditor-Controller.
(2) Calculated based on the application of the actual tax rate to incremental value.
(3) Estimated based on percentage that 2001-02 actual amount represented to total tax increment.
(4) Based on 20 percent of total tax increment revenue net of adjustments.
(5) Tax sharing payments per the provisions of AB 1290.
(6) Maximum annual debt service on Senior Harbour bonds.

Table 4
Richmond Redevelopment Agency
Merged Project Area

PROJECTION OF INCREMENTAL TAX REVENUE
POST 2004 LIMIT AREAS *
(000's Omitted)

Fiscal Year	Real (1) Property	New (2) Development	Total Real Property	Other (3) Property	Total Value	Value Over Base Of $240,766	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment Revenue	Property Tax (6) Admin Fee	Housing Set-Aside	AB 1290 (7) Tax Sharing Payments	Senior Harbour (8) Debt Service	Post-2004 Pledged Tax Reveues
2002 - 2003	N/A	N/A	$870,314	$70,395	$940,709	$699,943	$8,025	$35	$8,060	$81	$1,596	$141	$2,337	3,905
2003 - 2004	876,320	0	876,320	70,395	946,715	705,949	8,092	35	8,127	81	1,609	155	2,337	3,945
2004 - 2005	882,217	0	882,217	70,395	952,612	711,846	8,158	35	8,193	82	1,622	168	2,337	3,983
2005 - 2006	899,862	0	899,862	70,395	970,257	729,491	8,358	35	8,393	84	1,662	209	2,337	4,102
2006 - 2007	917,859	0	917,859	70,395	988,254	747,488	8,562	35	8,597	86	1,702	250	2,337	4,222
2007 - 2008	936,216	0	936,216	70,395	1,006,611	765,845	8,771	35	8,806	88	1,744	292	2,337	4,345
2008 - 2009	954,940	0	954,940	70,395	1,025,336	784,570	8,983	35	9,018	90	1,786	335	2,337	4,471
2009 - 2010	974,039	0	974,039	70,395	1,044,434	803,668	9,200	35	9,235	92	1,828	379	2,337	4,599
2010 - 2011	993,520	0	993,520	70,395	1,063,915	823,149	9,421	35	9,456	95	1,872	423	2,337	4,729
2011 - 2012	1,013,390	0	1,013,390	70,395	1,083,786	843,020	9,646	35	9,681	97	1,917	479	2,337	4,852
2012 - 2013	1,033,658	0	1,033,658	70,395	1,104,053	863,287	9,876	35	9,911	99	1,962	536	2,337	4,977
2013 - 2014	1,054,331	0	1,054,331	70,395	1,124,727	883,961	10,110	35	10,145	101	2,009	594	2,337	5,105
2014 - 2015	1,075,418	0	1,075,418	70,395	1,145,813	905,047	10,349	35	10,384	104	2,056	682	2,337	5,205
2015 - 2016	1,096,926	0	1,096,926	70,395	1,167,322	926,555	10,593	35	10,628	106	2,104	772	2,337	5,308
2016 - 2017	1,118,865	0	1,118,865	70,395	1,189,260	948,494	10,841	35	10,876	109	2,153	865	2,337	5,413
2017 - 2018	1,141,242	0	1,141,242	70,395	1,211,637	970,871	11,095	35	11,129	111	2,204	958	2,337	5,519
2018 - 2019	1,164,067	0	1,164,067	70,395	1,234,462	993,696	11,353	35	11,388	114	2,255	1,054	2,337	5,628
2019 - 2020	1,187,348	0	1,187,348	70,395	1,257,744	1,016,978	11,616	35	11,651	117	2,307	1,152	2,337	5,739
2020 - 2021	1,211,095	0	1,211,095	70,395	1,281,490	1,040,724	11,864	35	11,899	119	2,356	1,249	2,337	5,838
2021 - 2022	1,235,317	0	1,235,317	70,395	1,305,712	1,064,946	12,140	35	12,175	122	2,411	1,351	2,337	5,955
2022 - 2023	1,260,024	0	1,260,024	70,395	1,330,419	1,089,653	12,422	35	12,457	125	2,466	1,454	2,337	6,075
2023 - 2024	1,285,224	0	1,285,224	70,395	1,355,619	1,114,853	12,709	35	12,744	127	2,523	1,560	0	8,533
2024 - 2025	1,310,929	0	1,310,929	70,395	1,381,324	1,140,558	13,002	35	13,037	130	2,581	1,668	0	8,657

* Excludes Project 6A (1995 Area) which is below base.

(1) Prior Year Real Property increased by 2 percent per year. Values for 2003-04 and 2004-05 reduced for open appeals.
(2) No New Development included in the analysis.
(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
(4) Based on the application of Project Area tax rates to the total incremental taxable value.
(5) Based on amount reported by Contra Costa County for 2002-03.
(6) Property tax administration fees are based on 1.14 percent of tax increment, which is the percentage that such fees represented in 1999-2000.
(7) Tax sharing payments per AB 1290.
(8) Maximum annual debt service on Senior Harbour bonds.

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APPENDIX H

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2002

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Richmond Redevelopment Agency

Richmond, California

Component Unit Financial Statements and Independent Auditors' Reports

For the year ended June 30, 2002

C&L
Caporicci & Larson
Certified Public Accountants

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Richmond Redevelopment Agency
Component Unit Financial Statements
For the year ended June 30, 2002

Table of Contents

Page

Independent Auditors' Report 1

Component Unit Financial Statements:

Combined Balance Sheet – All Governmental Fund Types and Account Groups 4

Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types 6

Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual– General Fund 7

Notes to Component Unit Financial Statements 9

Supplementary Information:

Debt Service Funds:

Combining Balance Sheet 29

Combining Balance Sheet – Merged Project Area Debt Service Fund 30

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 33

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Merged Project Area Debt Service Fund 34

Capital Projects Funds:

Combining Balance Sheet 39

Combining Balance Sheet – Merged Project Area Capital Projects Fund 40

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 43

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Merged Project Area Capital Projects Fund 44

Independent Auditors' Report on Compliance 47

C&L
Caporicci & Larson
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Richmond Redevelopment Agency
Richmond, California

We have audited the component unit financial statements of the Richmond Redevelopment Agency (Agency), a component unit of the City of Richmond, as of and for the year ended June 30, 2002, as listed in the foregoing table of contents. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United Stares. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2002, and the results of its operations and changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplementary information listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the component unit financial statements of the Agency. This additional information is the responsibility of the Agency's management. Such additional information has been subjected to the auditing procedures applied in the audit of the component unit financial statements, and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

Caporicci & Larson

Oakland, California
March 7, 2003

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COMPONENT UNIT FINANCIAL STATEMENTS

Richmond Redevelopment Agency
Combined Balance Sheet
All Governmental Fund Types and Account Groups
June 30, 2002

	Governmental Fund Types		
	General	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS			
Assets:			
Cash, cash equivalents and investments	$ 875,367	$ 4,506,304	$ 8,798,002
Restricted cash, cash equivalents and investments	-	2,303,994	25,243,465
Interest and other receivables	120,484	30,890	466,850
Advances to other funds	-	-	360,408
Notes receivable	1,421,727	-	992,894
Prepaid and other assets	1,004	-	10,416
Property, plant and equipment, net	-	-	-
Total assets	2,418,582	6,841,188	35,872,035
Other Debits:			
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-
Total other debits	-	-	-
Total assets and other debits	$ 2,418,582	$ 6,841,188	$ 35,872,035
LIABILITIES, FUND BALANCES AND OTHER CREDITS			
Liabilities:			
Accounts payable and accrued liabilities	$ 110,834	$ 78,319	$ 936,178
Deposits held in trust	25,000	-	4,950
Advances from other funds	115,000	-	-
Deferred revenue	1,186,871	-	587,664
Long-term debt	-	-	-
Total liabilities	1,437,705	78,319	1,528,792
Fund Balances and Other Credits:			
Fund balances:			
Investment in general fixed assets	-	-	-
Reserved for:			
Encumbrances	193,106	-	1,253,724
Long-term receivables	-	-	405,230
Debt service	-	6,762,869	-
Unreserved, undesignated	787,771	-	32,684,289
Total fund balances and other credits	980,877	6,762,869	34,343,243
Total liabilities, fund balances and other credits	$ 2,418,582	$ 6,841,188	$ 35,872,035

See accompanying Notes to Component Unit Financial Statements.

Account Groups		Totals
General Fixed Assets	General Long-Term Debt	(Memorandum Only)
$ -	$ -	$ 14,179,673
-	-	27,547,459
-	-	618,224
-	-	360,408
-	-	2,414,621
-	-	11,420
10,011,901	-	10,011,901
10,011,901	-	55,143,706
-	6,762,869	6,762,869
-	82,681,893	82,681,893
-	89,444,762	89,444,762
$ 10,011,901	$ 89,444,762	$ 144,588,468
$ -	$ -	$ 1,125,331
-	-	29,950
-	-	115,000
-	-	1,774,535
-	89,444,762	89,444,762
-	89,444,762	92,489,578
10,011,901	-	10,011,901
-	-	1,446,830
-	-	405,230
-	-	6,762,869
-	-	33,472,060
10,011,901	-	52,098,890
$ 10,011,901	$ 89,444,762	$ 144,588,468

Richmond Redevelopment Agency
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the year ended June 30, 2002

	Governmental Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Projects	
REVENUES:				
Property taxes	$ -	$ 9,229,547	$ 1,469,960	$ 10,699,507
Rental income	-	-	52,324	52,324
Intergovernmental	244,657	-	168,464	413,121
Investment income	-	365,164	1,899,547	2,264,711
Other	1,273,664	-	187,145	1,460,809
Total revenues	1,518,321	9,594,711	3,777,440	14,890,472
EXPENDITURES:				
General government	2,921,858	-	-	2,921,858
Housing and redevelopment	-	-	1,456,177	1,456,177
Capital outlay	-	-	1,807,239	1,807,239
Debt service:				
Principal retirement	-	2,489,871	-	2,489,871
Interest and fiscal charges	-	4,161,914	19,941	4,181,855
Other	-	-	1,083,545	1,083,545
Total expenditures	2,921,858	6,651,785	4,366,902	13,940,545
REVENUES OVER (UNDER) EXPENDITURES	(1,403,537)	2,942,926	(589,462)	949,927
OTHER FINANCING SOURCES (USES):				
Proceeds from loans	-	-	500,000	500,000
Operating transfers in	2,928,393	3,003,871	3,832,142	9,764,406
Operating transfers out	-	(9,155,875)	(608,531)	(9,764,406)
Total other financing sources (uses)	2,928,393	(6,152,004)	3,723,611	500,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,524,856	(3,209,078)	3,134,149	1,449,927
FUND BALANCES:				
Beginning of year, as restated	(543,979)	9,971,947	31,209,094	40,637,062
End of year	$ 980,877	$ 6,762,869	$ 34,343,243	$ 42,086,989

See accompanying Notes to Component Unit Financial Statements.

Richmond Redevelopment Agency
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund
For the year ended June 30, 2002

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental	$ 225,122	$ 244,657	$ 19,535
Other	-	1,273,664	1,273,664
Total revenues	225,122	1,518,321	1,293,199
EXPENDITURES:			
General government	3,809,444	2,921,858	887,586
Interest and fiscal charges	-	-	-
Other	-	-	-
Total expenditures	3,809,444	2,921,858	887,586
REVENUES OVER (UNDER) EXPENDITURES	(3,584,322)	(1,403,537)	2,180,785
OTHER FINANCING SOURCES (USES):			
Operating transfers in	3,584,322	2,928,393	655,929
Total other financing sources (uses)	3,584,322	2,928,393	655,929
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	1,524,856	$ 1,524,856
FUND BALANCES:			
Beginning of the year, as restated		(543,979)	
End of year		$ 980,877	

See accompanying Notes to Component Unit Financial Statements.

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NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Richmond Redevelopment Agency (Agency) was formed in October 1949 as a separate legal entity under the provisions of the Community Redevelopment Law (California Health and Safety Code, commencing with Section 33000). The Redevelopment Agency was established primarily to assist in the clearance and rehabilitation of areas determined to be in a blighted condition in the City. Since that time various Project Area Plans (Plans) have been developed to provide an improved physical, social, and economic environment in various Project Areas. The Agency is involved with the following project areas:

Project Area	Dates
Eastshore Park Project Area No. 1-A	Most recent Amendment - July 13, 1999
Pilot Project Area No. 1-B	Most recent Amendment - December 19, 1994
Potrero Project Area No. 1-C	Most recent Amendment - July 13, 1999
Galvin Project Area No. 3-A	Most recent Amendment - July 13, 1999
Terrace Project Area No. 4-A	Most recent Amendment - December 19, 1994
Harbor Gate Project Area No. 6-A	Most recent Amendment - July 13, 1999
Hensley Project Area No. 8-A	Most recent Amendment - July 13, 1999
Downtown Project Area No. 10-A	Most recent Amendment - July 13, 1999
Nevin Project Area No. 10-B	Most recent Amendment - July 13, 1999
Harbour Project Area No. 11-A	Most recent Amendment - July 13, 1999
North Richmond Project Area No. 12-A	Most recent Amendment - July 13, 1999

The Redevelopment Agency is authorized to finance redevelopment through various sources, including assistance from the City, State, Federal governments, incremental property taxes, interest income, issuance of Redevelopment Agency notes and bonds, and sale and rental of real property acquired with these funds.

Although the Redevelopment Agency is a separate legal entity from the City, it is an integral part of the City. The City exercises significant financial and management control over the Redevelopment Agency and members of the City Council serve as the governing board of the Redevelopment Agency.

The Agency is an integral part of the City of Richmond (City) and, accordingly, the accompanying component unit financial statements are included as a blended component unit of the general purpose financial statements prepared by the City. A component unit is a separate governmental unit, agency or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's general purpose financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Fund Accounting

The accounts of the Agency are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures. The Agency uses the following fund types and account groups:

Governmental Fund Types

General Fund - The purpose of this fund is to account for all financial resources except those required to be accounted for in other funds and is the general operating fund of the City.

Debt Service Funds - The purpose of these funds is to account for the accumulation of financial resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The purpose of these funds is to account for financial resources to be used for the acquisition or construction of major capital facilities.

Account Groups

General Fixed Assets - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the governmental fund types. Fixed asset purchases by governmental fund types are recorded as expenditures at the time of acquisition. Such amounts are then included in the General Fixed Assets Account Group.

General Long-Term Debt - Long-term liabilities and obligations that are expected to be financed by governmental fund types are accounted for in the General Long-Term Debt Account Group.

C. Basis of Accounting

The Agency uses the modified accrual basis of accounting for all governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when paid.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Measurement Focus

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets, with the exception that the non-current portion of long-term receivables are reported on their balance sheets, offset by fund balance reserve accounts or deferred revenue.

Statements of revenues, expenditures and changes in fund balances for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

E. Budgets and Budgetary Accounting

The Agency adopts a budget annually to be effective July 1 for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the Agency Board.

An operating budget is adopted each fiscal year for the General Fund. Public hearings are conducted on the proposed budgets to review all appropriations and sources of financing. Capital projects are budgeted by the Agency Board over the term of the individual projects. Since capital projects are not budgeted on an annual basis, they are not included in the budgetary data. Debt Service Funds are not budgeted.

Expenditures are controlled at the fund level for all budgeted departments within the Agency. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the Combined Statement of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual include budget amendments approved by Agency Board.

The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP)

Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the City Manager. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the Agency Board. Supplemental appropriations financed by unanticipated revenues during the year must be approved by the Agency Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Encumbrances

The Agency uses an encumbrance system as an extension of normal budgetary accounting for the General Fund and Capital Projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end.

G. Cash and Investments

The Agency participates in the City's cash and investment pool which is managed by the City Treasurer. For purposes of reporting cash flows, the Agency considers each fund's share in the cash and investments pool to be cash and cash equivalents. With respect to cash and investments held by fiscal agents, the Agency considers investments with original maturities of three months or less to be cash equivalents. Investment income earned on the investment pool is distributed to the appropriate funds based on average month-end balances

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The Agency participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

H. Notes Receivable

Notes receivable and related accrued interest, net of deferred revenue, are fully reserved in the equity section of the Capital Projects Funds balance sheet, as they do not represent "current financial resources."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Fixed Assets

General fixed assets are those assets acquired for general governmental purposes. Such assets currently purchased or constructed are recorded as expenditures in the governmental fund types and capitalized at cost in the General Fixed Asset Account Group. Contributed fixed assets are recorded at fair market value at the time received.

Certain fixed assets other than buildings, including roads, curbs and gutters, streets, parking lots and sidewalks, and lighting systems, have not been capitalized, since such assets are immovable and of value only to the Agency. No provision for depreciation is reported on general fixed assets.

J. Long-term Debt

The Agency reports long-term debt of governmental funds at face value in the general long-term debt account group. Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

K. Compensated Absences

Compensated absences are charged to operating expenditures when paid. Vacation and related benefits fully vest as earned and are paid in full upon termination. Vested vacation obligations are recorded in the City's general long-term obligations account group as accrued compensated absences until paid. The City is not liable for payment to employees for accrued sick leave and no related liability is recorded in the accompanying general purpose financial statements. The Agency's portion of related liabilities is not considered significant to the Agency.

L. Property Tax Levy, Collection and Maximum Rates

The State of California Constitution Article XIIIA provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value except for voter approved incremental property taxes adopted prior to the passage of Article XIIIA and any additional amount for general obligation debt approved by voters subsequent to the passage of Article XIIIA. Assessed value is calculated at 100 percent of market value as defined by Article XIIIA and may be adjusted by no more than two percent per year unless the property is modified, sold, or transferred. The State Legislature has determined the method of distribution of receipts from a one percent tax levy among the counties, cities, school districts, and other districts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Property Tax Levy, Collection and Maximum Rates, Continued

Contra Costa County assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	March 1
Levied dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property taxes levied are recorded as revenue in the fiscal year of levy.

M. Deferred Revenues

Deferred revenues represent an off-set for revenue in which asset recognition criteria have been met, but where revenue recognition criteria have not been met. The Agency has reported as deferred revenues, receivables from project developers and notes receivable from homeowners and related accrued interest, as such amounts are measurable but are not available.

N. Fund Equity Reservations

Fund balance reserves are created when the City enters into a contractual agreement with an outside party or when certain assets do not represent expendable available resources.

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. Memorandum Only - Total Columns

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2002 consisted of the following:

Cash and investments pooled with the City	$ 14,179,673
Restricted cash and investments	27,547,459
Total cash and investments	$ 41,727,132

The Agency has pooled its cash and investments with the City in order to achieve a higher return on investment. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled. These restricted funds include cash with fiscal agents.

The investments made by the City are limited to those allowable under State statutes and include the following types of investments:

U.S. Government Securities
Bankers' Acceptances
Commercial Paper
Medium-Term Notes
Repurchase Agreements
Deposits with Banks
State of California Local Agency Investment Fund

The Agency does not have specific cash or investments accounts. See the City's financial statements for disclosures related to cash and investments and the related custodial risk categorization.

3. NOTES RECEIVABLES

	Balance
West County Housing Corporation	$ 87,500
Lucas Park Development	12,500
Silent Seconds/Rehabilitation Loans	506,520
Civic Center Development	216,000
Mechanics Bank Serviced Loans	155,230
Atchison Village Annex Apartments	477,920
Heritage Park Development	250,000
Silent Second Mortgage Loans	708,951
Total loans and notes	$ 2,414,621

3. NOTES RECEIVABLES, Continued

The Agency loaned the West County Housing Corporation (West County) $875,000 to cover part of the cost to construct 10 housing units. The loan agreement required West County to repay the Agency $87,500 for home sold. One home on Lucas Avenue, respectively have not been sold and $87,500 was not repaid.

Lucas Park Development and Silent Second/Rehabilitation Home Loans represents silent record mortgage loans that were awarded to the low income families purchasing the homes constructed by West County. The outstanding balance of the Lucas Park Development and Silent Second/Rehabilitation Home Loans were $12,500 and $506,520, respectively.

A promissory note was signed by the Richmond Civic Center Development, LP payable to the Agency to repay a $216,000 loan received from the Agency. There is no repayment schedule for the loan. This amount is to be written off in fiscal year ending June 30, 2003.

The Mechanics Bank Serviced Loans represent four loans given to individuals by the Agency to establish businesses in the blighted area. One of the loans matures in 2002 and has an interest rate of 3%. The remaining three loans mature in 2049 and have interest rates of 6%. Payments of principal and interest on the loans are due monthly and are received by the Mechanic Bank and credited to the Agency's account. The outstanding balance at June 30, 2003 was $155,230.

On August 3, 1998, the Agency entered into an agreement with Atchison Village Associates, LP for a loan in the total original amount of $464,000 collateralized by a deed of trust. The loan is used to finance the acquisition and rehabilitation of 100 units of family housing. The accrued simple interest rate on the unpaid principal balance is 3% per annum. No payments shall be made during the first year, but the interest on the loan shall be deferred and capitalized. Beginning in year two, the principle amount shall increase to $477,920. Year two through five, loan payments shall be interest only at $1,195 per month. Years six through twenty-five the principal and interest shall be fully amortized and payable in equal monthly payments of $2,651. The outstanding balance of the loan including accrued interest of $13,920 at June 30, 2002 was $477,920.

On July 22, 1999, the Agency entered into an agreement with Hilltop Group, LP for a loan in the total original amount of $250,000 collateralized by a deed of trust. The loan is used to finance the expenses related to the development of the Heritage Park Development in the City of Richmond. The monthly installment of interest and principal in the amount of $1,726 are payable commencing September 1, 2004 to September 1, 2019, at the interest rate of 3% per annum. The outstanding balance of the loan at June 30, 2002 was $250,000.

The Silent Second Mortgage Loans represent loans given to qualifying individuals for the difference between the amount received by the individuals who qualified for low and moderate income housing loans and the amount needed to purchase the homes. The loans will be forgiven in the future if the property owners do not sell or refinance the property. The outstanding balance at June 30, 2003 was $708,951.

4. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2002, the Agency had the following advances to and from other funds:

	Advances To Other Funds	Advances From Other Funds
General	$ -	$ 115,000
Capital Projects Fund:		
Merged project area	360,408	-
Total	$ 360,408	$ 115,000

At June 30, 2002, the Agency had the following operating transfers in and out:

	Operating Transfers In	Operating Transfers Out
Special Revenue Fund:		
General Fund	$ 2,928,393	$ -
Debt Service Funds:		
Merged Project Area	3,002,847	9,155,875
JPA 2000 TARB	1,024	-
Capital Projects Funds:		
Merged Project Area	3,831,011	607,507
Pilot	1,131	-
Low/ Moderate Income Housing	-	1,024
Totals	$ 9,764,406	$ 9,764,406

5. DEFERRED REVENUE

Deferred revenue in the General Fund and Capital Projects Funds at June 30, 2002, consisted of the following:

Notes Receivable:	
West County Housing Corporation	$ 87,500
Lucas Park	12,500
Civic Center Development	216,000
Silent Second Loans	271,664
Atchison Village	477,920
Silent Second Mortgage Loans	708,951
Total	$ 1,774,535

6. GENERAL FIXED ASSETS

General fixed assets at June 30, 2002 and changes from the prior year consisted of the following:

	Balance July 1, 2001	Additions	Retirements and Transfers	Balance June 30, 2002
Land	$ 4,032,281	$ 1,614,825	$ (38,394)	$ 5,608,712
Buildings & building improvements	5,242,217	-	(997,194)	4,245,023
Machinery & equipment	158,166	-	-	158,166
Total general fixed assets	$ 9,432,664	$ 1,614,825	$ (1,035,588)	$ 10,011,901

7. LONG-TERM DEBT

Summary of changes in General Long-Term Debt Account Group for the year ended June 30, 2002:

	Balance July 1, 2001	Additions	Deletions	Adjustments	Balance June 30, 2002
Bonds payable	$ 55,162,779	$ -	$ (675,000)	$ -	$ 54,487,779
Notes payable	694,681	500,000	(430,865)	-	763,816
Compensated absences	-	274,476	-	-	274,476
Advances to other funds	36,496,326	1,672,364	(4,249,999)	-	33,918,691
Totals	$ 150,850,625	$ 2,446,840	$ (5,355,864)	$ -	$ 89,444,762

Bonds Payable

Bonds payable at June 30, 2002 consisted of the following:

Harbour Tax Allocation Refunding Bonds - 1991	1,460,000
Harbour Tax Allocation Refunding Bonds - 1998 Series A	21,772,779
JPFA Tax Allocation Revenue Bonds - 2000 Series A	25,720,000
JPFA Tax Allocation Revenue Bonds - 2000 Series B	5,535,000
Total	$ 54,487,779

7. LONG-TERM DEBT, Continued

1. *1991 Harbour Redevelopment Project Tax Allocation Refunding Bonds – Original Issue $11,465,000*

The Bonds were issued by the Redevelopment Agency to refund 1985 Tax Allocation and Refunding Bonds used for the Urban Renewal Plan for Project 11-A, the Harbour Redevelopment Plan. The bonds consist of serial bonds in the amount of $6,365,000 that mature annually through 200, in amounts ranging from $50,000 to $740,000. Interest rates vary from 3.75% to a maximum of 6% and are payable semiannually on January 1 and July 1. The term bonds in the amount of $5,100,000 bear interest at 7% and mature on July 1, 2009 with sinking fund payment requirements starting in 2004. In 1998, $5,820,000 outstanding principal amount of these bonds were advance refunded by issuance of the 1998 Harbour Redevelopment Project Tax Allocation Bonds Series A. The bonds are secured by a pledge of tax revenues and certain other funds held by Bankers Trust Company of California, N.A.

The annual debt service requirements on the bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Totals
2003	415,000	77,992	492,992
2004	740,000	43,550	783,550
2005	45,000	19,775	64,775
2006	50,000	16,450	66,450
2007	55,000	12,775	67,775
Thereafter	155,000	14,525	169,525
Totals	$ 1,460,000	$ 185,067	$ 1,645,067

2. *1998 Harbour Redevelopment Project Tax Allocation Refunding Bonds Series A – Original Issue $21,862,779*

The bonds were issued by the Agency to refinance a portion of the 1991 Harbour Redevelopment Project Tax Allocation Refunding Bonds, refinance certain loans from the City to the Agency, which amount will be used by the City to finance certain publicly owned capital projects, finance certain redevelopment activities within the Harbour Redevelopment project area, fund a reserve account and pay certain costs of issuance of the 1998 bonds. The bonds mature annually through 2023, in amounts ranging from $50,000 to $1,130,000. Interest rates vary from 3.5% to a maximum of 5.5% and are payable semiannually on January 1 and July 1. The bonds are secured by a pledge of tax revenues.

7. LONG-TERM DEBT, Continued

Bonds Payable, Continued

2. *1998 Harbour Redevelopment Project Tax Allocation Refunding Bonds Series A – Original Issue $21,862,779, Continued*

The annual debt service requirements on the bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Totals
2003	25,000	718,227	743,227
2004	-	717,727	717,727
2005	470,000	708,328	1,178,328
2006	485,000	349,464	834,464
2007	500,000	679,527	1,179,527
Thereafter	20,292,779	6,766,366	27,059,145
Totals	$ 21,772,779	$ 9,939,639	$ 31,712,418

3. *2000 Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Bonds Series A and Series B – Original Issue Series A $25,720,000, Series B $5,795,000*

The Bonds were issued by the Richmond JPFA and consisted of series A Bonds were issued for the purpose of funding certain capital improvements of the Redevelopment Agency, to fund the reserve accounts and capitalized interest. The Series B Bonds were issued for use in certain low and moderate income housing activities and to fund a reserve account. The Series A Bonds consist of serial bonds in the amount of $25,210,000 and term bonds in the amount of $510,000. The serial bonds mature annually through 2018 in amounts ranging from $1,110,000 to $2,205,000. Interest rates range from 4.0% to 5.5% and are payable semiannually on March 1 and September 1. The term bonds mature in 2029 and bear interest of 5.25%. The Series B Bonds consist of serial bonds in the amount of $1,245,000 and term bonds in the amount of$4,550,000. The serial bonds mature annually through 2006 in amounts ranging from $170,000 to $260,000. Interest rate is 7% and is due semiannually on March 1 and September 1. The term bonds mature as follows: $1,075,000 in 2010 at interest rate of 7.35%, $3,365,000 in 2018 at interest rate of 7.7% and $110,000 in 2029 at interest rate of 8.0%. The bonds are secured by a pledge of certain tax increment revenues derived from taxable property within certain redevelopment project areas.

7. LONG-TERM DEBT, Continued

Bonds Payable, Continued

3. *2000 Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Bonds Series A and Series B – Original Issue Series A $25,720,000, Series B $5,795,000, Continued*

The annual debt service requirements on the Series A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Totals
2003	1,110,000	1,244,308	2,354,308
2004	1,155,000	1,199,908	2,354,908
2005	1,200,000	1,153,708	2,353,708
2006	1,255,000	1,099,708	2,354,708
2007	1,305,000	1,046,998	2,351,998
Thereafter	19,695,000	6,826,817	26,521,817
Totals	$ 25,720,000	$ 12,571,447	$ 38,291,447

The annual debt service requirements on the Series B Bonds are as follows:

For the Years Ending June 30	Principal	Interest	Totals
2003	170,000	415,868	585,868
2004	185,000	403,967	588,967
2005	195,000	391,018	586,018
2006	210,000	377,368	587,368
2007	240,000	362,668	602,668
Thereafter	4,535,000	2,663,598	7,198,598
Totals	$ 5,535,000	$ 4,614,487	$ 10,149,487

Notes Payable

University of California – Original Amount $5,476,229

On March 19, 1979, the Agency entered into an agreement with the Regents of the University of California for the purchase of certain real property. The loan is due in annual installments of $486,439 through 2003 and bears an interest rate of 8%. The amount outstanding at June 30, 2002 was $263,816.

7. LONG-TERM DEBT, Continued

Notes Payable, Continued

University of California – Original Amount $5,476,229, Continued

The annual debt service requirements on the Hilltop Exterior Renovation and University of California notes are as follows:

For the Year Ending June 30,	Principal	Interest	Totals
2003	$ 263,816	$ 22,026	$ 285,842
Totals	$ 263,816	$ 22,026	$ 285,842

Wells Fargo Bank – Original Amount $500,000

On March 13, 2002, the Agency entered into an agreement with Wells Fargo Bank to provide direct predevelopment loans, subordinated loans and lines of credit to non-profit owners/development and/or for-profit owners/developers for the purpose of facilitating the development and/or preservation of affordable housing. The loan is due ten years from the date of the loan and bears a fixed interest rate equal to 1.5% for the first year, thereafter adjustable to a fixed rate 3.5% below the ten year US Treasury note . The amount outstanding at June 30, 2002 was $500,000.

Compensated Absences

Compensated absences are charged to operating expenditures when paid. Vacation and related benefits fully vest as earned and are paid in full upon termination. Vested vacation obligations are recorded in the City's general long-term obligations account group as accrued compensated absences until paid. The outstanding balance as of June 30, 2002 was $274,476.

Advances Payable to Other Funds

The City has advanced funds to the Agency for various capital projects. These interfund advances have no definite repayment schedules. Interest is charged on the principal amount and is compounded on accrued interest. The amounts outstanding at June 30, 2002 include principal and accrued interest.

Balance as of July 1, 2001	$ 36,496,326
Interest accrual on advances from the City of Richmond	1,672,364
Principal Repayment	(1,384,006)
Accrued interest paid	(2,865,993)
Balance as of June 30, 2002	$ 33,918,691

8. FUND BALANCE RESERVES AND DESIGNATIONS

At June 30, 2002 fund balances consisted of the following:

	General Fund	Debt Service Funds	Capital Projects Funds	Totals
Reserved:				
Encumbrances	$ 193,106	$ -	$ 1,253,724	$ 1,446,830
Long-term notes and lease receivable, net of deferred revenue	-	-	405,230	405,230
Debt service	-	6,762,869	-	6,762,869
Total reserved	193,106	6,762,869	1,658,954	8,614,929
Unreserved	787,771	-	32,684,289	33,472,060
Total fund balances	$ 980,877	$ 6,762,869	$ 34,343,243	$ 42,086,989

9. COMMITMENTS AND CONTINGENCIES

Litigation

The Agency is involved in various claims and litigation resulting from its normal operations. The ultimate outcome of these matters is not presently determinable. In the Agency management's opinion, these matters will not have significant adverse effect of the Agency's financial position.

10. PRIOR PERIOD ADJUSTMENTS

The Agency has recorded the following prior period adjustments:

		Capital Projects Funds					
	General Fund	JPA 2000 TARB	Low/Moderate Income Housing	Hensley	Downtown	Harbour	Totals
Fund Balances:							
As previously reported	$ (586,302)	$ 23,558,727	$ 4,947,803	$ 137,868	$ 606,717	$ 1,181,432	$ 30,432,547
Adjustments due to:							
Cash reconciliation	(6,433)	111,970	(2,291)	-	(910)	(100)	108,669
Interest receivables	-	-	-	(11,672)	-	-	(11,672)
Loans receivables	-	-	-	-	(19,076)	-	(19,076)
Refundable/Trust deposits	24,239	-	-	-	-	150	150
Accounts payable	24,517	-	-	-	-	97,123	97,123
Prepaid and other assets	-	-	-	-	-	(10,000)	(10,000)
Sale of property	-	-	-	-	-	195,000	195,000
Deferred revenues	-	-	-	-	(37,287)	-	(37,287)
Total Adjustments	42,323	111,970	(2,291)	(11,672)	(57,273)	282,173	322,907
As restated	$ (543,979)	$ 23,670,697	$ 4,945,512	$ 126,196	$ 549,444	$ 1,463,605	$ 30,755,454

SUPPLEMENTARY INFORMATION

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DEBT SERVICE FUNDS

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Richmond Redevelopment Agency
Combining Balance Sheet
All Debt Service Funds
June 30, 2002

	Merged Project Area	Low/Moderate 2000 TARB	Pilot	Totals
ASSETS				
Cash, cash equivalents and investments	$ 4,440,120	$ -	$ 66,184	$ 4,506,304
Restricted cash, cash equivalents and investments	2,303,994	-	-	2,303,994
Interest and other receivables	30,890	-	-	30,890
Total assets	$ 6,775,004	$ -	$ 66,184	$ 6,841,188
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 78,319	$ -	$ -	$ 78,319
Total liabilities	78,319	-	-	78,319
Fund Balances:				
Reserved for debt service	6,696,685	-	66,184	6,762,869
Total fund balances	6,696,685	-	66,184	6,762,869
Total liabilities and fund balances	$ 6,775,004	$ -	$ 66,184	$ 6,841,188

Richmond Redevelopment Agency
Combining Balance Sheet
Merged Project Area Debt Service Fund
June 30, 2002

	Eastshore Park	Galvin	Harbor Gate	Hensley
ASSETS				
Cash, cash equivalents and investments	$ 530,543	$ 1,400,445	$ 448,763	$ 1,247,119
Restricted cash, cash equivalents and investments	-	-	-	-
Interest and other receivables	3,317	-	5,692	14,463
Total assets	$ 533,860	$ 1,400,445	$ 454,455	$ 1,261,582
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 16,917	$ 11,679	$ 7,622	$ 30,680
Total liabilities	16,917	11,679	7,622	30,680
Fund Balances:				
Reserved for debt service	516,943	1,388,766	446,833	1,230,902
Total fund balances	516,943	1,388,766	446,833	1,230,902
Total liabilities and fund balances	$ 533,860	$ 1,400,445	$ 454,455	$ 1,261,582

Downtown	Nevin Center	Harbour	North Richmond	Totals
$ 66,237	$ 81,704	$ 590,462	$ 74,847	$ 4,440,120
-	-	2,303,994	-	2,303,994
2,594	391	4,076	357	30,890
$ 68,831	$ 82,095	$ 2,898,532	$ 75,204	$ 6,775,004
$ 11,202	$ 219	$ -	$ -	$ 78,319
11,202	219	-	-	78,319
57,629	81,876	2,898,532	75,204	6,696,685
57,629	81,876	2,898,532	75,204	6,696,685
$ 68,831	$ 82,095	$ 2,898,532	$ 75,204	$ 6,775,004

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Richmond Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Debt Service Funds
For the year ended June 30, 2002

	Merged Project Area	Low/Moderate 2000 TARB	Pilot	Totals
REVENUES:				
Property taxes	$ 8,492,607	$ 669,941	$ 66,999	$ 9,229,547
Investment income	365,164	-	-	365,164
Total revenues	8,857,771	669,941	66,999	9,594,711
EXPENDITURES:				
Debt service:				
Principal retirement	2,229,871	260,000	-	2,489,871
Interest and fiscal charges	3,750,134	410,965	815	4,161,914
Total expenditures	5,980,005	670,965	815	6,651,785
REVENUES OVER (UNDER) EXPENDITURES	2,877,766	(1,024)	66,184	2,942,926
OTHER FINANCING SOURCES (USES):				
Operating transfers in	3,002,847	1,024	-	3,003,871
Operating transfers out	(9,155,875)	-	-	(9,155,875)
Total other financing sources (uses)	(6,153,028)	1,024	-	(6,152,004)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,275,262)	-	66,184	(3,209,078)
FUND BALANCES:				
Beginning of year	9,971,947	-	-	9,971,947
End of year	$ 6,696,685	$ -	$ 66,184	$ 6,762,869

Richmond Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Merged Project Area Debt Service Fund
For the year ended June 30, 2002

	Eastshore Park	Galvin	Harbor Gate	Hensley
REVENUES:				
Property taxes	$ 887,802	$ 586,851	$ 474,006	$ 957,071
Investment income	34,434	-	24,792	73,524
Total revenues	922,236	586,851	498,798	1,030,595
EXPENDITURES:				
Debt service:				
Principal retirement	159,615	-	-	-
Interest and fiscal charges	214,641	1,017	-	-
Total expenditures	374,256	1,017	-	-
REVENUES OVER (UNDER) EXPENDITURES	547,980	585,834	498,798	1,030,595
OTHER FINANCING SOURCES (USES):				
Operating transfers in	799,257	-	-	-
Operating transfers out	(1,168,990)	(974,721)	(1,016,915)	(2,475,084)
Total other financing sources (uses)	(369,733)	(974,721)	(1,016,915)	(2,475,084)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	178,247	(388,887)	(518,117)	(1,444,489)
FUND BALANCES:				
Beginning of year	338,696	1,777,653	964,950	2,675,391
End of year	$ 516,943	$ 1,388,766	$ 446,833	$ 1,230,902

Downtown	Nevin Center	Harbour	North Richmond	Totals
$ 267,750	$ 40,880	$ 5,241,053	$ 37,194	$ 8,492,607
11,542	1,326	218,178	1,368	365,164
279,292	42,206	5,459,231	38,562	8,857,771
-	-	2,070,256	-	2,229,871
1,603,355	-	1,931,121	-	3,750,134
1,603,355	-	4,001,377	-	5,980,005
(1,324,063)	42,206	1,457,854	38,562	2,877,766
1,603,355	-	600,235	-	3,002,847
(478,652)	-	(3,041,513)	-	(9,155,875)
1,124,703	-	(2,441,278)	-	(6,153,028)
(199,360)	42,206	(983,424)	38,562	(3,275,262)
256,989	39,670	3,881,956	36,642	9,971,947
$ 57,629	$ 81,876	$ 2,898,532	$ 75,204	$ 6,696,685

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CAPITAL PROJECTS FUNDS

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Richmond Redevelopment Agency
Combining Balance Sheet
All Capital Projects Funds
June 30, 2002

	Merged Project Area	JPA 2000 TARB	Pilot	Low/Moderate Income Housing	Totals
ASSETS					
Cash, cash equivalents and investments	$ 2,981,172	$ 197,968	$ -	$ 5,618,862	$ 8,798,002
Restricted cash and investments	381,142	24,862,323	-	-	25,243,465
Interest and other receivables	7,157	459,693	-	-	466,850
Advances to other funds	360,408	-	-	-	360,408
Notes receivable	742,894	-	-	250,000	992,894
Prepaid and other assets	10,416	-	-	-	10,416
Total assets	$ 4,483,189	$ 25,519,984	$ -	$ 5,868,862	$ 35,872,035
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 527,564	$ 530	$ -	$ 408,084	$ 936,178
Deposits held in trust	4,950	-	-	-	4,950
Deferred revenue	587,664	-	-	-	587,664
Total liabilities	1,120,178	530	-	408,084	1,528,792
Fund Balances:					
Reserved for:					
Encumbrances	1,253,724	-	-	-	1,253,724
Long-term receivables	155,230	-	-	250,000	405,230
Unreserved, undesignated	1,954,057	25,519,454	-	5,210,778	32,684,289
Total fund balances	3,363,011	25,519,454	-	5,460,778	34,343,243
Total liabilities and fund balances	$ 4,483,189	$ 25,519,984	$ -	$ 5,868,862	$ 35,872,035

Richmond Redevelopment Agency
Combining Balance Sheet
Merged Project Area Capital Projects Fund
June 30, 2002

	Eastshore Park	Potrero	Galvin	Harbor Gate
ASSETS				
Cash, cash equivalents and investments	$ -	$ -	$ -	$ -
Restricted cash and investments	-	-	-	-
Interest and other receivables	-	-	-	-
Advances to other funds	-	-	-	-
Notes receivable	-	-	-	-
Prepaid and other assets	-	-	-	-
Total assets	$ -	$ -	$ -	$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -
Deposits held in trust	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	-
Long-term receivables	-	-	-	-
Unreserved, designated	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities and fund balances	$ -	$ -	$ -	$ -

Hensley	Downtown	Redevelopment CIP	Harbour	Totals
$ 788	$ 72,285	$ 23,168	$ 2,884,931	$ 2,981,172
-	381,142	-	-	381,142
-	2,012	-	5,145	7,157
125,408	55,000	-	180,000	360,408
316,000	426,894	-	-	742,894
-	-	-	10,416	10,416
$ 442,196	$ 937,333	$ 23,168	$ 3,080,492	$ 4,483,189
$ -	$ 266,258	$ 17,035	$ 244,271	$ 527,564
-	4,950	-	-	4,950
316,000	271,664	-	-	587,664
316,000	542,872	17,035	244,271	1,120,178
-	-	-	1,253,724	1,253,724
-	155,230	-	-	155,230
126,196	239,231	6,133	1,582,497	1,954,057
126,196	394,461	6,133	2,836,221	3,363,011
$ 442,196	$ 937,333	$ 23,168	$ 3,080,492	$ 4,483,189

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Richmond Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Capital Projects Funds
For the year ended June 30, 2002

	Merged Project Area	JPA 2000 TARB	Pilot	Low/Moderate Income Housing	Totals
REVENUES:					
Property taxes	$ -	$ -	$ -	$ 1,469,960	$ 1,469,960
Rental income	52,324	-	-	-	52,324
Intergovernmental	168,464	-	-	-	168,464
Investment income	42,571	1,856,976	-	-	1,899,547
Other	184,638	-	-	2,507	187,145
Total revenues	447,997	1,856,976	-	1,472,467	3,777,440
EXPENDITURES:					
Housing and redevelopment	-	-	-	1,456,177	1,456,177
Capital outlay	1,807,239	-	-	-	1,807,239
Interest and fiscal charges	19,941	-	-	-	19,941
Other	1,074,195	8,219	1,131	-	1,083,545
Total expenditures	2,901,375	8,219	1,131	1,456,177	4,366,902
REVENUES OVER (UNDER) EXPENDITURES	(2,453,378)	1,848,757	(1,131)	16,290	(589,462)
OTHER FINANCING SOURCES (USES):					
Proceeds from loans	-	-	-	500,000	500,000
Operating transfers in	3,831,011	-	1,131	-	3,832,142
Operating transfers out	(607,507)	-	-	(1,024)	(608,531)
Total other financing sources (uses)	3,223,504	-	1,131	498,976	3,723,611
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	770,126	1,848,757	-	515,266	3,134,149
FUND BALANCES:					
Beginning of year, as restated	2,592,885	23,670,697	-	4,945,512	31,209,094
End of year	$ 3,363,011	$ 25,519,454	$ -	$ 5,460,778	$ 34,343,243

Richmond Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Merged Project Area Capital Projects Fund
For the year ended June 30, 2002

	Eastshore Park	Potrero	Galvin	Harbor Gate
REVENUES:				
Rental income	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Investment income	-	-	-	35,257
Other	-	-	-	-
Total revenues	-	-	-	35,257
EXPENDITURES:				
Capital outlay	-	-	-	-
Interest and fiscal charges	3,299	2,131	14,511	-
Other	-	-	-	-
Total expenditures	3,299	2,131	14,511	-
REVENUES OVER (UNDER) EXPENDITURES	(3,299)	(2,131)	(14,511)	35,257
OTHER FINANCING SOURCES (USES):				
Operating transfers in	3,299	2,131	14,511	97,539
Operating transfers out	-	-	-	(586,436)
Total other financing sources (uses)	3,299	2,131	14,511	(488,897)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-	(453,640)
FUND BALANCES:				
Beginning of year, as restated	-	-	-	453,640
End of year	$ -	$ -	$ -	$ -

Hensley	Downtown	Redevelopment CIP	Harbour	Totals
$ -	$ 52,324	$ -	$ -	$ 52,324
-	143,464	25,000	-	168,464
-	7,314	-	-	42,571
-	1,750	-	182,888	184,638
-	204,852	25,000	182,888	447,997
-	615,563	81,870	1,109,806	1,807,239
-	-	-	-	19,941
-	222,924	236,997	614,274	1,074,195
-	838,487	318,867	1,724,080	2,901,375
-	(633,635)	(293,867)	(1,541,192)	(2,453,378)
-	478,652	300,000	2,934,879	3,831,011
-	-	-	(21,071)	(607,507)
-	478,652	300,000	2,913,808	3,223,504
-	(154,983)	6,133	1,372,616	770,126
126,196	549,444	-	1,463,605	2,592,885
$ 126,196	$ 394,461	$ 6,133	$ 2,836,221	$ 3,363,011

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C&L
Caporicci & Larson
Certified Public Accountants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
of the Richmond Redevelopment Agency
Richmond, California

We have audited the financial statements of the Richmond Redevelopment Agency (Agency), a component unit of the City of Richmond, as of and for the year ended June 30, 2002, and have issued our report thereon dated March 7, 2003. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Agency are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. Such provisions included those provisions of laws identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees

in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving internal control over financial reporting that we have reported to management of the Agency in a separate letter dated March 7, 2003.

This report is intended for the information of the Audit Committee, management, and the State Controller. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson

Oakland, California
March 7, 2003

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents that he/she is the duly authorized officer of the Richmond Joint Powers Financing Authority (the "Authority") and the Richmond Redevelopment Agency (the "Agency"), and as such is duly authorized to execute and deliver this Certificate and further hereby certifies on behalf of the Authority and the Agency as follows:

(1) This Certificate is delivered in connection with the offering and sale of the Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and Series 2003B (Taxable) (collectively, the "Bonds") in order to enable RBC Dain Rauscher Inc., in connection with the offering of the Bonds, to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated August 1, 2003, setting forth information concerning the Bonds, the Authority, and the Agency (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for Permitted Omissions, deemed final within the meaning of the Rule.

Dated: August 1, 2003

RICHMOND JOINT POWERS FINANCING AUTHORITY

By: _____
Authorized Officer

RICHMOND REDEVELOPMENT AGENCY

By: _____
Authorized Officer

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
Tax Allocation Revenue Bonds, Series 2003B (Taxable)

Bond Purchase Agreement

August 14, 2003

Richmond Joint Powers Financing Authority
City Hall
2600 Barrett Ave.
Richmond, CA 94804

Richmond Redevelopment Agency
City Hall
2600 Barrett Ave.
Richmond, CA 94804

Ladies and Gentlemen:

The undersigned, RBC Dain Rauscher Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Agreement") with the Richmond Joint Powers Financing Authority (the "Authority") and with the Richmond Redevelopment Agency (the "Agency"), which will be binding upon the Authority, the Agency and the Underwriter upon the acceptance hereof by the Authority and the Agency. This offer is made subject to its acceptance by the Authority and the Agency and by execution of this Agreement and its delivery to the Underwriter on or before 5:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Trust Agreement as hereafter defined.

1. **Purchase and Sale of Bonds**. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the following bonds (collectively, the "Bonds") at the following purchase prices (collectively, the "Purchase Price"):

(a) Series A Bonds: $16,080,000 aggregate principal amount of the Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series A Bonds"), at a purchase price of $15,976,660.85 (being the principal amount of $16,080,000 less an Underwriter's discount of $152,760, plus an original issue net premium of $49,420.85); and

(b) Series B Bonds: $12,500,000 aggregate principal amount of the Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series B Bonds"), at a purchase price of $12,381,250.00 (being the principal amount of $12,500,000 less an Underwriter's discount of $118,750).

2. Description of Bonds. The Bonds shall be issued pursuant to a Trust Agreement (the "Trust Agreement") dated as of August 1, 2003 by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee") and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title I of the California Government Code, as amended) (the "Act"). The Bonds are secured by a Loan Agreement (the "Loan Agreement"), dated as of August 1, 2003, by and between the Authority and the Agency, entered into pursuant to provisions of the Community Redevelopment Law of the State of California, constituting Part I of Division 24 of the Health and Safety Code of the State of California (the "Redevelopment Law"). The Bonds shall be as described in the Trust Agreement and the Official Statement (as defined below) relating to the Bonds.

The Bonds will be secured by a pledge of and lien on certain funds and accounts as set forth in the Trust Agreement and an assignment and pledge of the Authority's interest in the Loan Agreement. The Loan Agreement is secured by a pledge of Pledged Tax Revenues (as defined in the Trust Agreement and the Loan Agreement) allocated to the Agency with respect to its redevelopment project areas. Certain tax revenues of the Agency, with respect to the Harbour Project Area, are subject to a lien prior to the lien of the Loan Agreement.

Proceeds of the Bonds will be used to (i) finance certain redevelopment activities of the Agency, (ii) assist the Agency in repaying certain obligations under a promissory note to the City of Richmond (the "City"), (iii) fund debt service reserve accounts and, (iv) fund capitalized interest and (v) pay the costs of issuing the Bonds.

In order to assist the Underwriter with complying with S.E.C. Rule 15c2-12 (the "Rule"), the Agency will execute concurrently with issuance of the Bonds a Continuing Disclosure Agreement with respect to the Bonds (the "Continuing Disclosure Agreement") in the form attached as an exhibit to the Preliminary Official Statement (as defined below).

3. Public Offering. The Underwriter agrees to make a bona fide public offering of all the Bonds initially at the public offering prices (or yields) set forth on Appendix A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Appendix A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

4. Delivery of Official Statement. The Authority has delivered or caused to be delivered to the Underwriter prior to the execution of this Agreement or the first offering of the Bonds, whichever first occurs, copies of the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"). Such Preliminary Official Statement is the official statement deemed final by the Authority for purposes of the Rule and approved for distribution

by resolution of the Authority. The Authority shall execute and deliver to the Underwriter a certification in the form attached hereto as Appendix B in connection with distribution of the Preliminary Official Statement.

Within seven (7) business days from the date hereof, the Authority shall deliver to the Underwriter a final Official Statement, executed on behalf of the Authority by an authorized representative of the Authority and dated the date of delivery thereof to the Underwriter, which shall include information permitted to he omitted by paragraph (b)(1) of the Rule and with such other amendments or supplements as shall have been approved by the Authority, the Agency and the Underwriter (the "Final Official Statement"). The Preliminary Official Statement and the Final Official Statement, including the cover pages, the appendices thereto and all information incorporated therein by reference are hereinafter referred collectively to as the "Official Statement."

5. The Closing. At 8:00 a.m., California time, on August 27, 2003, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Agency, the Authority and the Underwriter, the Authority will deliver (1) the Bonds in definitive form to the Underwriter in such city as the Underwriter shall request, and (ii) the closing documents hereinafter mentioned at the offices of Orrick Herrington & Sutcliffe LLP ("Bond Counsel") in San Francisco, California or another place to be mutually agreed upon by the Agency, the Authority and the Underwriter. The Underwriter will accept such delivery and pay the Purchase Price of the Bonds as set forth in Section 1 hereof by federal funds wire transfer to the order of the Trustee on behalf of the Authority. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing." The Bonds will be delivered in book-entry form in denominations equal to the principal amount of Bonds for each maturity thereof and will be registered in the name of Cede & Co., as nominee of the Depository Trust Company.

6. Representations, Warranties and Covenants.

(a) Representations, Warranties and Covenants of the Agency. The Agency represents, warrants and covenants to the Authority and the Underwriter that:

(i) Due Organization, Existence and Authority. The Agency is a public body, corporate and politic, organized and existing under the laws of the State of California, including the Redevelopment Law, with full right, power and authority to execute, deliver and perform its obligations under the transactions contemplated in this Agreement, the Continuing Disclosure Agreement, and the Loan Agreement (collectively, the "Agency Financing Documents") and to carry out and consummate the transactions contemplated by the Agency Financing Documents and the Official Statement.

(ii) Due Authorization and Approval. By all necessary official action, the Agency has duly authorized and approved the execution and delivery of, and the performance by the Agency of the obligations contained or described in, the Preliminary Official Statement, the Official Statement, and the Agency Financing Documents and as of the date hereof, such authorizations and approvals are in full

force and effect and have not been amended, modified or rescinded. When executed and delivered, and assuming due authorization and delivery by the other parties thereto as applicable, the Agency Financing Documents will constitute the legally valid and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The Agency has complied, and will at the Closing be in compliance in all respects, with the terms of the Agency Financing Documents.

(iii) Official Statement Accurate and Complete. The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement contain and up to and including the Closing will contain no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading; provided that no representation or warranty is made concerning the information relative to DTC and the Book-Entry System or MBIA Insurance Corporation (the "Bond Insurer").

(iv) Underwriter's Consent to Amendments and Supplements to Official Statement. The Agency will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Agency will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(v) No Breach or Default. As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Agency is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Agency is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Agency Financing Documents and the Bonds and compliance with the provisions of each such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States or any applicable

judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance agreement or other instrument to which the Agency (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Agency Financing Documents.

(vi) No Litigation. As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or to the knowledge of the Agency threatened (i) in any way questioning the corporate existence of the Agency or the titles of the officers of the Agency to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Agency Financing Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Series A Bonds from taxation or contesting the powers of the Agency or its authority to enter into the Agency Financing Documents; (iii) which may result in any material adverse change relating to the Agency; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (v) to the knowledge of the Agency there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (1) through (iv) of this sentence.

(vii) Continuing Disclosure. The Agency will undertake, pursuant to the Continuing Disclosure Agreement, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth as an appendix to the Preliminary Official Statement and will also be set forth as an appendix to the Final Official Statement. The Agency has never failed to comply with a continuing disclosure undertaking under the Rule.

(b) Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Agency and the Underwriter that:

(i) Due Organization, Existence and Authority. The Authority is a joint powers authority duly organized and existing under the laws of the State of California, with full right, power and authority to issue and sell the Bonds as

contemplated by this Agreement and the Official Statement and to perform its obligations under the Trust Agreement, the Bonds, and the Agency Financing Documents (collectively, the "Authority Financing Documents").

(ii) Due Authorization and Approval. By all necessary official action, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations contained or described in, the Preliminary Official Statement, the Official Statement, and the Authority Financing Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the Authority Financing Documents will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The Authority has complied, and will at the Closing be in compliance in all respects, with the terms of the Authority Financing Documents.

(iii) Official Statement Accurate and Complete. The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement contain and up to and including the Closing will contain no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading; provided that no representation or warranty is made concerning the information relative to DTC and the Book-Entry System or the Bond Insurer.

(iv) Underwriter's Consent to Amendments and Supplements to Official Statement. The Authority will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Authority will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(v) No Breach or Default. As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Authority is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event

has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Authority Financing Documents, and compliance with the provisions of each such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance agreement or other instrument to which the Authority (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Financing Documents.

(vi) No Litigation. As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending, or to the knowledge of the Authority, threatened (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Authority Financing Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Authority or its authority to issue the Series A Bonds; (iii) which may result in any material adverse change relating to the Authority; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (v) to the knowledge of the Authority there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(vii) Preliminary Official Statement. For purposes of the Rule, the Authority has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule.

7. **Closing Conditions**. The Underwriter has entered into this Agreement in reliance upon the representations, warranties and covenants herein and the performance by the Agency and the Authority of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Agreement to purchase the Bonds from the Authority, and to pay the Purchase Price thereof, shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the Agency and the Authority contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing (a) the Agency Financing Documents and the Authority Financing Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter and (b) there shall be in full force and effect such resolutions of the Agency, the Authority and the City (collectively, the "Resolutions") as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement, the Agency Financing Documents and the Authority Financing Documents.

(c) Termination Events. The Underwriter shall have the right to terminate this Agreement, without liability therefor, by notification to the Agency and the Authority if at any time at or prior to the Closing:

(i) any event shall occur or information shall become known, which in the judgment of the Underwriter, causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State of California, or the amendment of legislation pending as of the date of this Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to

which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the Authority or the Agency, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body department or agency of the State of California, or a decision by any court of competent jurisdiction within the State of California or any court of the United States shall be rendered which, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bond is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement need to be qualified under the Trust Agreement Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Bonds; or

(vi) a general banking moratorium shall have been established by federal or State authorities; or

(vii) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, or there has occurred any escalation of existing hostilities, calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds; or

(viii) the commencement of any action, suit or proceeding described in Paragraphs 6(a)(vi) or 6(b)(iii) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(ix) there shall be in force a general suspension of trading on the New York Stock Exchange.

(d) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents:

(1) Bond Counsel Opinion. An approving opinion of Bond Counsel dated the date of the Closing, substantially in the form appended to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion addressed to the Authority may be relied upon by the Underwriter to the same extent as if such opinion were addressed to them.

(2) Supplemental Opinion. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing substantially to the following effect:

(i) This Agreement has been duly authorized, executed and delivered by the Authority and the Agency and constitutes the valid, and binding agreement of the Authority and the Agency enforceable in accordance with its terms;

(ii) The statements contained in the Official Statement pertaining to the Bonds under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS," "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," and "APPENDIX E – PROPOSED FORM OF BOND COUNSEL FINAL OPINION," insofar as such statements expressly purport to summarize certain provisions of the Bonds, the Loan Agreement, the Trust Agreement and the final approving opinion of Bond Counsel, are accurate in all material respects;

(iii) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Agreement Act of 1939, as amended. No opinion need be expressed regarding the Municipal Bond Insurance Policies; and

(iv) Based on such counsel's participation in conferences with representatives of the Underwriter, the Agency, the Authority, the Bond Insurer, their respective counsel, Fraser & Associates, and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the Underwriter, as a matter of fact and not opinion, that no facts came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date (except for any financial or statistical data or forecasts, CUSIP numbers, numbers, charts, estimates, projections, assumptions or expressions of opinion, any information

about valuation, appraisals, real estate or environmental matters, any information about litigation, Appendices A, C, F, G, and H, or any information about the Bond Insurer, the Municipal Bond Insurance Policies, the Reserve Account Surety Bonds, book-entry or DTC, included or referred to therein, as to which such counsel need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(3) Agency Counsel Opinion. An opinion of the City Attorney, as counsel to the Agency, dated the date of the Closing and addressed to the Authority and the Underwriter, in form and substance acceptable to Bond Counsel, the Authority and the Underwriter, substantially to the following effect:

(i) This Agreement, the Continuing Disclosure Agreement and the Loan Agreement have been duly authorized, executed and delivered by the Agency and constitute the valid, legal and binding agreements of the Agency enforceable in accordance with their respective terms.

(ii) The Agency is a public body corporate and politic duly organized and validly existing under the laws of the State of California.

(iii) The resolution (the "Agency Resolution") of the Agency approving and authorizing the execution and delivery of the Agency Financing Documents, Authority Financing Documents and approving the Official Statement has been duly adopted, and the Agency Resolution is in full force and effect and has not been modified, amended or rescinded.

(iv) The Redevelopment Plans (and all amendments thereto) for the Agency's merged project areas were duly adopted and are in full force and effect, and the Agency is entitled to receive the tax increment revenues therefrom as described in the Official Statement.

(v) The statements contained in the Official Statement under the captions "PURPOSE OF THE BONDS", "BOND OWNERS' RISKS", "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS", "THE AGENCY," "'THE PROJECT AREA," "THE AUTHORITY", and "NO LITIGATION," fairly and accurately summarize the information presented therein; provided that Agency Counsel need not express any opinion with respect to any financial or statistical information contained therein.

(vi) Except as otherwise disclosed in the Official Statement and to the best knowledge of such counsel after due inquiry, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending or threatened against the Agency challenging the creation, organization or existence of the Agency, or the validity

of the Authority Financing Documents and the Agency Financing Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Authority Financing Documents and the Agency Financing Documents or contesting the authority of the Agency to enter into or perform its obligations under any of the Agency Financing Documents or the Authority Financing Documents, or which, in any manner, questions the right of the Agency to use the Pledged Tax Revenues for repayment of the Loan Agreement (and hence the Bonds) or affects in any manner the right or ability of the Agency to collect or pledge the Pledged Tax Revenues.

(4) Authority Counsel Opinion. An opinion of the City Attorney, as counsel to the Authority, dated the date of the Closing and addressed to the Agency and the Underwriter, in form and substance acceptable to Bond Counsel, the Agency and the Underwriter, substantially to the following effect:

(i) The Authority Financing Documents have been duly authorized, executed and delivered by the Authority and constitute the valid, legal and binding agreements of the Authority enforceable in accordance with their respective terms.

(ii) The Authority is a joint powers authority duly organized and validly existing under the laws of the State of California, with full power and authority to perform its obligations under the Bonds and the Financing Documents.

(iii) The resolution or resolutions (the "Authority Resolution") of the Authority approving and authorizing the execution and delivery of the Authority Financing Documents is in full force and effect and has not been modified, amended or rescinded.

(iv) Except as otherwise disclosed in the Official Statement and to the best knowledge of such counsel after due inquiry, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental Authority or body, pending or threatened against the Authority, challenging the creation, organization or existence of the Authority, or the validity of the Authority Financing Documents or seeking to restrain or enjoin the validity of the Authority Financing Documents or contesting the authority of the Authority to enter into or perform its obligations under the Authority Financing Documents.

(5) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(i) The Trustee is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Trust Agreement, and to execute and deliver and perform its obligations under the Trust Agreement; and

(ii) The Trust Agreement has been duly authorized, executed and delivered by the Trustee and constitutes the legal, valid and binding obligations of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(6) Agency Certificate. A certificate of the Agency, dated the date of the Closing, signed on its behalf of the Agency by the Executive Director or other duly authorized officer of the Agency to the effect that:

(i) The representations, warranties and covenants of the Agency contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the Agency has complied with all of the terms and conditions of this Agreement required to be complied with by the Agency at or prior to the date of the Closing.

(ii) No event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) Authority Certificate. A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by a duly authorized officer of the Authority, to the effect that the representations, warranties and covenants of the Authority contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the Authority has complied with all of the terms and conditions of this Agreement required to be complied with by the Authority at or prior to the date of the Closing.

(8) Trustee's Certificate. A certificate of the Trustee, dated the date of Closing, addressed to the Agency and the Underwriter, in form and substance acceptable to the Underwriter, to the following effect:

(i) The Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Trust Agreement.

(ii) The Trustee is duly authorized to enter into the Trust Agreement.

(iii) To the best knowledge of the Trustee, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Trustee or threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Trust Agreement or contesting the powers of the

Trustee or its authority to enter into and perform its obligations under the Trust Agreement.

(9) Ratings. Evidence that the Bonds have been rated "AAA" by Standard & Poor's Ratings Services.

(10) Joint Exercise of Powers Agreement. A certified copy of the Joint Exercise of Powers Agreement, along with certified copies of resolutions of the Agency and the City Council approving such agreement.

(11) Municipal Bond Insurance Policies and Reserve Account Surety Bonds. Copies of the executed municipal bond insurance policies (the "Municipal Bond Insurance Policies") and of the reserve account surety bonds (the "Reserve Account Surety Bonds") issued by the Bond Insurer with respect to the Bonds, and certificates and opinions of such Bond Insurer, dated the date of closing and addressed to the Authority, the Agency and the Underwriter in form and substance acceptable to the Underwriter.

(12) Fiscal Consultant Certificate. A certificate, to be dated the Closing Date, of Fraser and Associates, Roseville, California, the Fiscal Consultant to the Agency, in the form attached hereto as Appendix C.

(13) Documents. Executed copies of the Agency Financing Documents and Authority Financing Documents.

(14) Nonarbitrage Certificate. A tax and nonarbitrage certificate in form satisfactory to Bond Counsel.

(15) CDIAC Statement. A copy of the notices required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855(g) of the California Government code.

(16) Letter of Representation. A copy of the Letter of Representation to the Depository Trust Company related to the Bonds signed by such company, the Authority and the Trustee.

(17) Additional Documents. Such additional certificates, instruments and other documents as Bond Counsel, the Agency, the Authority or the Underwriter may reasonably deem necessary.

If the Agency and the Authority shall be unable to satisfy the conditions contained in this Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter, the Agency nor the Authority shall be under any further obligation hereunder.

8. Expenses. The Underwriter shall be under no obligation to pay and the Authority and the Agency shall pay or cause to be paid the expenses incident to the performance of the obligations of the Agency or the Authority hereunder including not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of

the Financing Documents and the cost of preparing, printing, issuing and delivering the definitive Bonds, (b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or consultants retained by the Agency, the Authority and the City; (c) the fees and disbursements of Bond Counsel; and (d) the cost of printing and distribution of the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing and distribution of the Official Statement, including the requisite number of copies thereof for distribution by the Underwriter.

The Underwriter shall pay and the Agency or the Authority shall be under no obligation to pay a expenses incurred by it in connection with the public offering and distribution of the Bonds, including but not limited to (a) reporting fees chargeable by the California Debt and Investment Advisory Commission , and (b) CUSIP Service Bureau and DTC fees and (c) fees and expenses of qualifying the Bonds for sale under state "Blue Sky" laws.

9. Notice. Any notice or other communication to be given to the Agency or Authority under this Agreement may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to the Underwriter: RBC Dain Rauscher Inc., 345 California Street, Suite 2800, San Francisco, California 94104.

10. Entire Agreement. This Agreement, when accepted by the Authority and the Agency, shall constitute the entire agreement between the Agency, the Authority and the Underwriter and is made solely for the benefit of the Agency, the Authority and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All the Agency's and the Authority's representations, warranties and agreements in this Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, until the earlier of (a) delivery of and payment for the Bonds hereunder, and (b) any termination of this Agreement.

11. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

12. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

13. State of California Law Governs. The validity, interpretation and performance of this Agreement shall be governed by the laws of the State of California.

14. General Standard of Reasonableness. Whenever the provisions of this agreement expressly call for the Underwriter to exercise judgment or act in accordance with the opinion of the Underwriter, such judgment or opinion shall be based on a reasonable, good-faith determination in light of the facts and circumstances to which it pertains.

15. No Assignment. The rights and obligations created by this Agreement shall not be subject to assignment by the Underwriter or the Authority without the prior written consent of the other parties hereto.

Very truly yours,

RBC DAIN RAUSCHER INC.

By: RBC DAIN RAUSCHER INC.

By: _____
Title:

Accepted as of the date first stated above:

RICHMOND JOINT POWERS
FINANCING AUTHORITY

By: _____
Title: Treasurer/Auditor

Ratified as of the date first stated above:
RICHMOND REDEVELOPMENT AGENCY

By: _____
Title: Director

APPENDIX A
Maturity Schedules

$16,080,000

RICHMOND JOINT POWERS FINANCING AUTHORITY

Tax Allocation Revenue Bonds, Series 2003A (Tax Exempt)

Maturity	Principal	Coupon	Yield	Price
9/01/2008	$425,000.00	3.000%	2.750%	101.162%
9/01/2009	440,000.00	3.250	3.200	100.271
9/01/2010	455,000.00	3.500	3.550	99.691
9/01/2011	470,000.00	4.000	3.850	101.025
9/01/2012	490,000.00	4.000	4.050	99.625
9/01/2013	510,000.00	4.250	4.150	100.811
9/01/2014	530,000.00	4.250	4.300	99.564
9/01/2015	555,000.00	4.500	4.430	100.560
9/01/2016	575,000.00	4.500	4.580	99.221
9/01/2017	605,000.00	4.500	4.680	98.164
9/01/2018	630,000.00	4.625	4.780	98.352
9/01/2022	4,320,000.00	5.250	5.000	101.949
9/01/2025	4,050,000.00	5.250	5.150	100.773
9/01/2025	2,025,000.00	5.000	5.200	97.395
Total Issue	**$16,080,000.00**			

$12,500,000

RICHMOND JOINT POWERS FINANCING AUTHORITY
Tax Allocation Revenue Bonds, Series 2003B (Taxable)

Maturity	Principal	Coupon	Yield	Price
9/01/2008	$355,000.00	4.160%	4.160%	100.000%
9/01/2009	370,000.00	4.470	4.470	100.000
9/01/2010	385,000.00	4.780	4.780	100.000
9/01/2011	400,000.00	5.040	5.040	100.000
9/01/2012	425,000.00	5.270	5.270	100.000
9/01/2013	445,000.00	5.410	5.410	100.000
9/01/2018	2,635,000.00	5.860	5.860	100.000
9/01/2025	7,485,000.00	6.300	6.300	100.000
Total Issue	**$12,500,000.00**			

APPENDIX B
RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents that he/she is the duly authorized officer of the Richmond Joint Powers Financing Authority (the "Authority") and the Richmond Redevelopment Agency (the "Agency"), and as such is duly authorized to execute and deliver this Certificate and further hereby certifies on behalf of the Authority and the Agency as follows:

(1) This Certificate is delivered in connection with the offering and sale of the Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and Series 2003B (Taxable) (collectively, the "Bonds") in order to enable RBC Dain Rauscher Inc., in connection with the offering of the Bonds, to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated August 1, 2003, setting forth information concerning the Bonds, the Authority, and the Agency (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for Permitted Omissions, deemed final within the meaning of the Rule.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of this August 1, 2003.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By: _____
Authorized Officer

RICHMOND REDEVELOPMENT AGENCY

By: _____
Authorized Officer

APPENDIX C

FISCAL CONSULTANT CERTIFICATE

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
Tax Allocation Revenue Bonds, Series 2003B (Taxable)

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting representative of Fraser and Associates, Roseville, California, the fiscal consultant (the Fiscal Consultant) to the Richmond Redevelopment Agency (the "Agency") in connection with the issuance by the Richmond Joint Powers Financing Authority of the above-captioned bonds (the "Bonds"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the Fiscal Consultant; and

(ii) that the assessed valuation, tax increment, appeal information, and other fiscal information provided by us and contained in the Official Statement relating to the Bonds, including our Report attached thereto as Appendix G, and the statements contained in the sections of the Official Statement entitled "THE AGENCY," "THE PROJECT AREA," "ANNUAL DEBT SERVICE REQUIREMENTS" and "PROJECTED DEBT SERVICE COVERAGE" are presented fairly and accurately and we consent to the use of our Report in the Official Statement.

Dated: August 27, 2003

FRASER AND ASSOCIATES,
AS FISCAL CONSULTANT

By: _____

Ratings: S&P: AAA (Insured)
A- (Underlying)
Fitch: AAA (Insured)
See "RATINGS" herein

NEW ISSUE—BOOK ENTRY ONLY

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series A 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 Series A 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. Interest on the Series B Bonds is not excluded from gross income for federal income tax purposes but, in the opinion of Bond Counsel, is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

RICHMOND JOINT POWERS FINANCING AUTHORITY

$16,080,000
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)

$12,500,000
Tax Allocation Revenue Bonds
Series 2003B (Taxable)

Dated: Date of Delivery

Due: September 1, as shown on the inside front cover

This cover page contains information for quick reference only. It is not intended to be a summary of all factors relevant to an investment in the Bonds. Investors should read the entire Official Statement before making any investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

The Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series A Bonds") and the Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") of the Richmond Joint Powers Financing Authority (the "Authority") are being issued in accordance with a Trust Agreement, dated as of August 1, 2003 (the "Trust Agreement"), by and between the Authority and Union Bank of California, N.A., San Francisco, California, as trustee (the "Trustee"). The Bonds are being issued on a parity with the 2000A Guaranty Payments (as defined herein) and any parity debt issued under the Loan Agreement. The proceeds of the Series A Bonds will be used to (i) finance certain capital improvements for the Richmond Redevelopment Agency (the "Agency"), (ii) fund the reserve account for the Series A Bonds, (iii) fund capitalized interest, (iv) pay the amount of $13,000,000 to the City of Richmond (the "City") in partial payment of the Prior Obligations (as defined herein) and (v) pay certain costs related to the issuance of the Series A Bonds. The proceeds of the Series B Bonds will be used to (i) finance certain capital improvements for the Agency, (ii) fund the reserve account for the Series B Bonds, (iii) fund capitalized interest, (iv) pay the amount of $5,000,000 to the City in partial payment of the Prior Obligations (as defined herein) and (v) pay certain costs related to the issuance of the Series B Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Bonds will be issued as fully registered Bonds and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, as more fully described in APPENDIX C. Individual purchases of interests in the Bonds will be made in book-entry form in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2004.

The Bonds are subject to redemption prior to their respective maturities under certain conditions, as described herein. See "THE BONDS—Redemption" herein.

The Bonds are limited obligations of the Authority and are payable from, and will be secured by, certain amounts payable by the Agency to the Authority pursuant to a Loan Agreement by and between the Authority and the Agency, dated as of August 1, 2003 (the "Loan Agreement") and certain amounts on deposit in the funds and accounts held under the Trust Agreement. The Agency's obligations under the Loan Agreement (the "Loan") are secured by a pledge of certain tax increment revenues derived from taxable property within certain redevelopment project areas identified in the Loan Agreement as the "Project Area". See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pledge and Allocation of Tax Revenues." Certain tax increment revenues derived from the Harbour Project Area, located within the Project Area, are subject to a lien prior and senior to the lien of the Loan Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Senior Obligations to the Loan Agreement."

The scheduled payment of principal of and interest on each series of Bonds when due will be insured by separate financial guaranty insurance policies to be issued simultaneously with the delivery of each series of Bonds by MBIA Insurance Corporation as described herein. See "FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS" herein.

MBIA

NEITHER THE BONDS NOR THE OBLIGATIONS OF THE AGENCY UNDER THE LOAN AGREEMENT ARE A DEBT OF THE STATE OF CALIFORNIA, THE CITY OF RICHMOND OR ANY OF THEIR POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY AND THE AGENCY, RESPECTIVELY), AND NEITHER THE STATE OF CALIFORNIA, THE CITY OF RICHMOND NOR ANY OF THEIR POLITICAL SUBDIVISIONS ARE LIABLE THEREFOR. THE PRINCIPAL OF AND INTEREST ON THE BONDS ARE PAYABLE FROM AND SECURED BY A PLEDGE OF AMOUNTS PAYABLE BY THE AGENCY TO THE AUTHORITY UNDER THE LOAN AGREEMENT. THE OBLIGATIONS OF THE AGENCY UNDER THE LOAN AGREEMENT ARE LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE ONLY OUT OF CERTAIN FUNDS OF THE AGENCY AS SET FORTH IN THE LOAN AGREEMENT. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AUTHORITY NOR THE AGENCY NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY FOR THE BONDS BY REASON OF THEIR ISSUANCE.

The Maturity Schedule appears on the inside front cover.

The Bonds are offered, when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond and Disclosure Counsel, and to certain other conditions. Certain matters in connection with this offering are subject to the approval of the legality thereof by Wayne Nishioka, the Acting City Attorney of the City of Richmond, as counsel for the Authority, the City and the Agency. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York on or about August 27, 2003.

RBC DAIN RAUSCHER

Dated: August 14, 2003.

MATURITY SCHEDULE

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2003A (Tax-Exempt)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Maturity (September 1)	Principal Amount	Interest Rate	Yield
2008	$425,000.00	3.000%	2.750%	2014	$530,000.00	4.250%	4.300%
2009	440,000.00	3.250	3.200	2015	555,000.00	4.500	4.430*
2010	455,000.00	3.500	3.550	2016	575,000.00	4.500	4.580
2011	470,000.00	4.000	3.850	2017	605,000.00	4.500	4.680
2012	490,000.00	4.000	4.050	2018	630,000.00	4.625	4.780
2013	510,000.00	4.250	4.150				

$4,320,000 5.250% Series A Term Bonds due September 1, 2022, Price 101.949%*
$4,050,000 5.250% Series A Term Bonds due September 1, 2025, Price 100.773%*
$2,025,000 5.000% Series A Term Bonds due September 1, 2025, Price 97.395%

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2003B (Taxable)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Maturity (September 1)	Principal Amount	Interest Rate	Yield
2008	$355,000.00	4.160%	4.160%	2011	$400,000.00	5.040%	5.040%
2009	370,000.00	4.470	4.470	2012	425,000.00	5.270	5.270
2010	385,000.00	4.780	4.780	2013	445,000.00	5.410	5.410

$2,635,000 5.860% Series B Term Bonds due September 1, 2018, Price 100%
$7,485,000 6.300% Series B Term Bonds due September 1, 2025, Price 100%

* Indicates pricing to call at par on September 1, 2013.

RICHMOND JOINT POWERS FINANCING AUTHORITY

RICHMOND REDEVELOPMENT AGENCY

Authority Board, Agency Board and City Council

Irma L. Anderson, President, Chair, *Mayor*
Mindell Lewis Penn, Vice President, Vice Chair, *Vice Mayor*
Nathaniel Bates
Charles H. Belcher
Gary Bell
Richard L. Griffin
Thomas K. Butt
Jim Rogers
Maria Viramontes

Authority, Agency and City Staff

Isiah Turner, Chief Executive Officer, *City Manager*
Jay Corey, Acting Director of Finance, *Assistant City Manager*
Steve Duran, Director, *Secretary*
Wayne Nishioka, *Acting City Attorney*

PROFESSIONAL SERVICES

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

Fraser & Associates
Roseville, California
Fiscal Consultant

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

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

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

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority, the Agency or the City. 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, the Agency or the City since the date hereof. All summaries contained herein of the Trust Agreement, the Loan Agreement and other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Agency or the City 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 any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

When used in this Official Statement and in any continuing disclosure by the Agency, in any press release and in any oral statement made with the approval of an authorized officer of the Agency, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect", "intend" and similar expressions identify "forward looking statements." Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Agency since the date hereof.

RBC Dain Rauscher Inc. (the "Underwriter") has provided the following sentence for inclusion in this official statement. The Underwriter has reviewed the information in this official statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

TABLE OF CONTENTS

Page

INTRODUCTION 1
PURPOSE OF THE BONDS 3
ESTIMATED SOURCES AND USES OF FUNDS 4
THE BONDS 4
- Description of the Bonds 4
- Redemption 5
- General Redemption Provisions 8
- Notice of Redemption; Effect of Redemption; Rescission 8

ANNUAL DEBT SERVICE REQUIREMENTS 9
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 10
- Tax Allocation Financing 10
- Allocation of Taxes 10
- Pledge and Allocation of Tax Revenues 11
- Issuance of Parity Debt 12
- Senior Obligations to the Loan Agreement 12
- Additional Senior Obligations 13
- Deposit of Tax Revenues to Special Fund 13
- The Trust Agreement 14

FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS 15
- Financial Guaranty Insurance Policies 15
- Debt Service Reserve Fund Surety Bonds 16
- The Insurer 16

THE AUTHORITY 18
THE AGENCY 18
- Financial Statements 19
- Governance and Administration 19

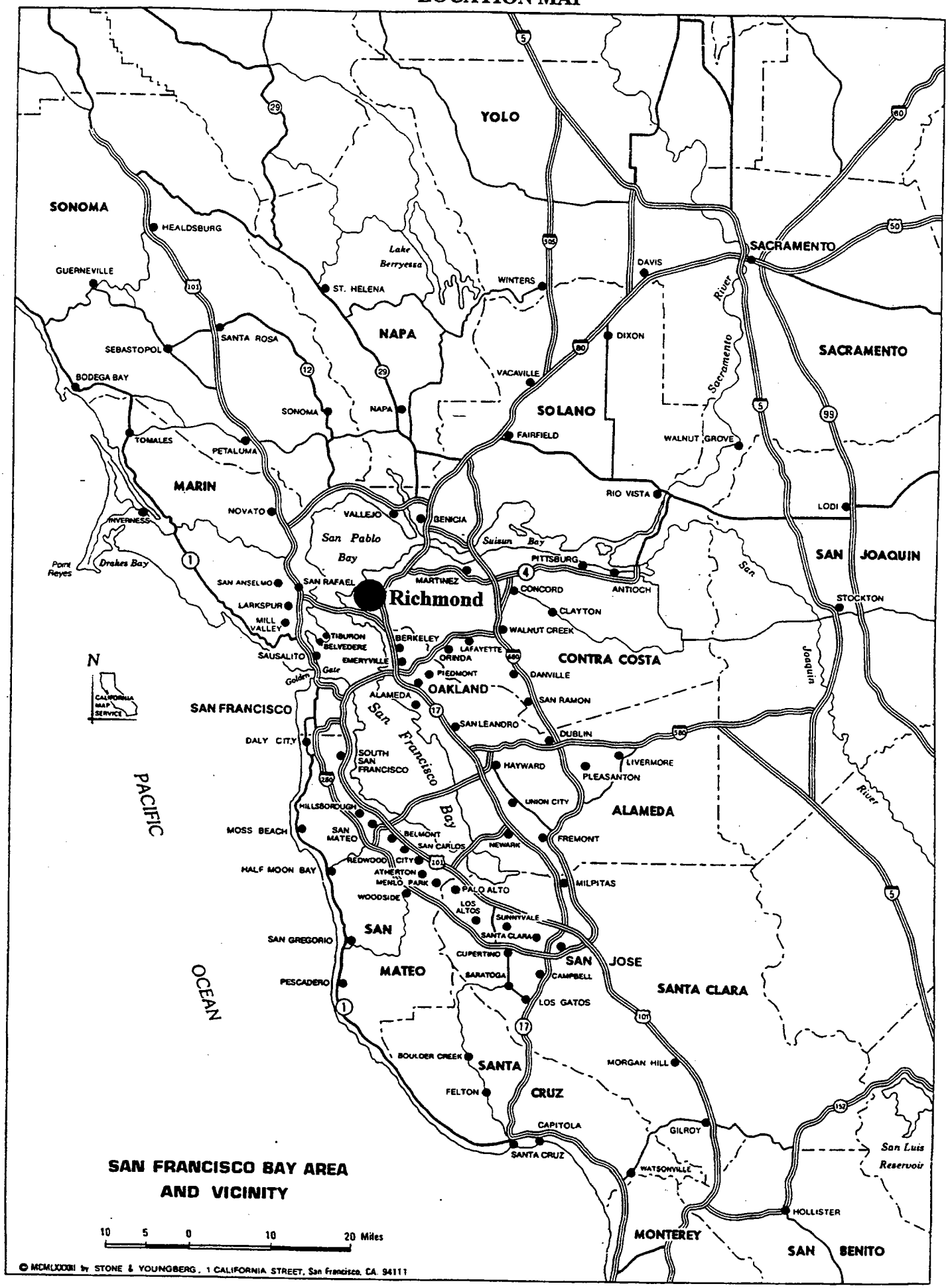
THE PROJECT AREA 20
- Redevelopment Plans 20
- Merger and Amendment of the Project Area 20
- Redevelopment Plan Limitations and Land Usage 21
- The Project Area 22
- Taxable Values and Tax Increment Revenues 26
- Statement of Direct and Overlapping Debt 30

PROJECTED DEBT SERVICE COVERAGE 32
BOND OWNERS' RISKS 33
- Concentration of Tax Base 33
- Estimates of Tax Increment Revenues 33
- Appeals and Other Reductions to Assessed Values 33
- Bankruptcy and Foreclosure 34
- Investment Risk 35
- Development Risks 35
- Earthquake Risks 35
- Brownfields 36
- Levy and Collection of Taxes 36
- Reductions in Inflationary Rate 36
- State Budget 36

Parity Debt 38
Changes in the Law 38
Hazardous Substances 38
LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS 38
Article XIIIA of the California Constitution 38
Article XIIIB of the California Constitution 40
Articles XIIIC and XIIID of the California Constitution 41
Proposition 87 41
Further Initiatives 41
Property Tax Collection Procedures 41
Unitary Property 43
Low and Moderate Income Housing Fund 44
Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290) 45
SB 211 46
TAX MATTERS 47
NO LITIGATION 48
UNDERWRITING 49
CONTINUING DISCLOSURE 49
APPROVAL OF LEGALITY 49
RATINGS 49
MISCELLANEOUS 50

APPENDIX A - ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF RICHMOND A-1
APPENDIX B - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS B-1
APPENDIX C - BOOK ENTRY ONLY SYSTEM C-1
APPENDIX D - FORM OF CONTINUING DISCLOSURE AGREEMENT D-1
APPENDIX E - PROPOSED FORM OF BOND COUNSEL FINAL OPINION E-1
APPENDIX F - SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY F-1
APPENDIX G - FISCAL CONSULTANT REPORT G-1
APPENDIX H - AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2002 ..... H-1

LOCATION MAP



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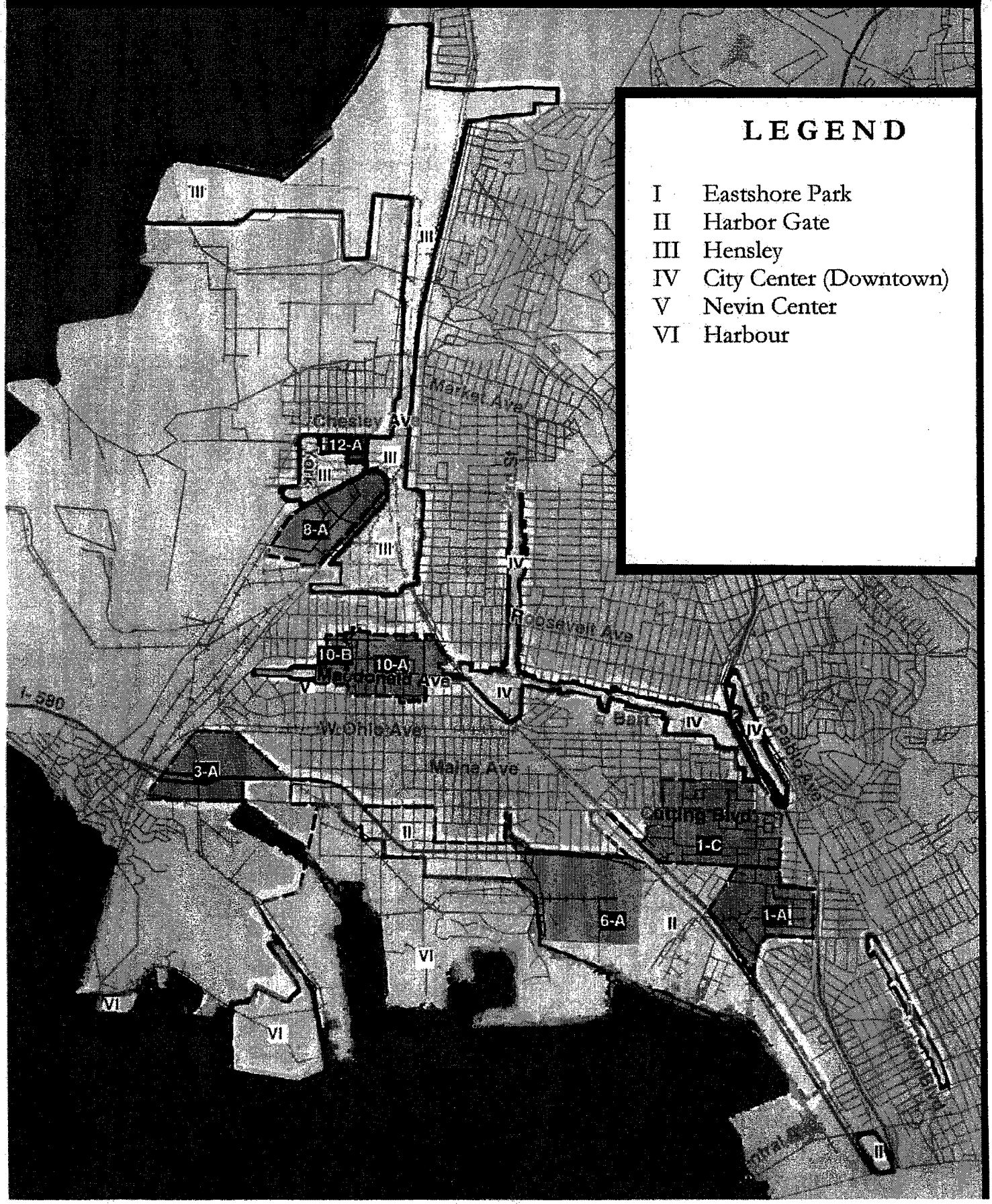
PROJECT AREA MAP



OFFICIAL STATEMENT
RICHMOND JOINT POWERS FINANCING AUTHORITY

$16,080,000
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)

$12,500,000
Tax Allocation Revenue Bonds
Series 2003B (Taxable)

INTRODUCTION

This introduction is subject in all respects to the more complete information and definitions contained elsewhere in this Official Statement and the offering of the Bonds to potential purchasers is made only by means of the entire Official Statement. Investors are instructed to view this entire Official Statement as well as the documents summarized in the Appendices hereto prior to making an investment decision. Capitalized terms used but not defined in this Official Statement are defined in APPENDIX B hereto.

The purpose of this Official Statement, which includes the cover page, table of contents and Appendices hereto (collectively, the "Official Statement"), is to provide certain information concerning the Richmond Redevelopment Agency (the "Agency"), the Richmond Joint Powers Financing Authority (the "Authority") and the issuance by the Authority of $16,080,000 aggregate principal amount of its Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series A Bonds") and $12,500,000 aggregate principal amount of its Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"). The Agency is a redevelopment agency organized and existing under the Redevelopment Law (defined below). The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as of December 1, 1989 (the "Agreement"), by and between the City of Richmond, California (the "City") and the Agency. The Agreement was entered into pursuant to the provisions of Articles 1 through 4, Chapter 5, Division 7, Title 1 of the California Government Code, commencing with Section 6500 (the "Act").

The Bonds are generally secured by pledges of certain tax increment revenues of the Agency from specified redevelopment project areas formed by the Agency. Included as APPENDIX G to this Official Statement is a Fiscal Consultant Report (the "Consultant Report") prepared by Fraser & Associates (the "Consultant") which, among other things, analyzes the tax increment revenues generated from taxable property within the Project Area (as defined herein) and pledged under the Loan Agreement to the repayment of the Bonds. The findings and projections in the Consultant Report are subject to a number of assumptions that should be reviewed and considered by prospective investors. No assurances can be given that the projections and expectations discussed in the Consultant Report will be achieved. Actual results may differ materially from the projections described therein. See "APPENDIX G – Fiscal Consultant Report" and "THE PROJECT AREA – Merger and Amendment of the Project Area."

The Bonds are being issued in accordance with the Act, pursuant to a resolution of the Authority adopted on July 22, 2003 (the "Resolution") and a Trust Agreement, dated as of August 1, 2003, by and between the Authority and Union Bank of California, N.A., San Francisco, California, as trustee (the "Trustee"). See "THE BONDS" hereinafter.

The proceeds of the Series A Bonds will be used to (i) finance certain capital improvements for the Agency, (ii) fund the reserve account for the Series A Bonds, (iii) fund capitalized interest, (iv) pay the amount of $13,000,000 to the City in partial payment of the Prior Obligations (as defined herein) and (v) pay certain costs related to the issuance of the Series A Bonds. The proceeds of the Series B Bonds will be used to (i) finance certain capital improvements for the Agency, (ii) fund the reserve account for the Series B Bonds, (iii) fund capitalized interest, (iv) pay the amount of $5,000,000 to the City in partial

payment of the Prior Obligations (as defined herein) and (v) pay certain costs related to the issuance of the Series B Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" hereinafter.

The Community Redevelopment Law, being Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law") provides a means for financing redevelopment projects based upon an allocation of taxes collected within a redevelopment project area. Pursuant to the Redevelopment Law, the "base roll" is established by determining the taxable value of property within a project area last equalized prior to adoption of a redevelopment plan by a redevelopment agency. Except for any period during which the taxable value drops below the base year level, the taxing agency thereafter receives the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected on any increase in taxable value over the base roll are allocated to a redevelopment agency and, subject to certain limitations discussed herein, may be pledged by the redevelopment agency to the repayment of indebtedness incurred in financing or refinancing a redevelopment project. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Under the Loan Agreement, dated as of August 1, 2003, by and between the Agency and the Authority (the "Loan Agreement"), the Authority will loan the proceeds of the Bonds to the Agency. The loan made by the Authority to the Agency as evidenced by the Loan Agreement is referred to herein as the "Loan." The Agency will enter into the Loan Agreement pursuant to the Redevelopment Law. The Agency's obligations under the Loan Agreement will be secured by a pledge of tax increment revenues (the "Pledged Tax Revenues") generated from the Project Area. See "THE PROJECT AREA – Merger and Amendment of the Project Area" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge and Allocation of Tax Revenues – Loan Agreement."

Certain tax increment revenues derived from the Harbor Project Area, located within the Project Area, are subject to a lien prior and senior to the lien of the Loan Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations to the Loan Agreement." Additionally, the Agency's obligation to make certain payments (the "2000A Guaranty Payments") pursuant to the Post-2004 Guaranty Agreement, dated as of November 1, 2000 (the "Post-2004 Guaranty Agreement"), by and between the Agency and the Authority, in connection with the issuance of the Agency's Tax Allocation Revenue Bonds Series 2000A, is payable on a parity with the Bonds. Under the conditions stated herein, the Agency may issue additional indebtedness payable on a parity with the Agency's obligations under the Loan Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Issuance of Parity Debt" herein.

The scheduled payment of principal and interest on each series of Bonds when due will be insured by separate financial guaranty insurance policies to be issued simultaneously with delivery of the Bonds by MBIA Insurance Corporation. See "FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS" and "APPENDIX F – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY" herein.

Under the Trust Agreement, the Authority is required to maintain separate Reserve Accounts for the Series A Bonds and the Series B Bonds, each in the amount of the respective Reserve Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Trust Agreement – Reserve Accounts."

The Bonds are limited obligations of the Authority entitled, equally and ratably, to the benefits of the Trust Agreement and are payable solely from and secured by an assignment and pledge of the Authority's interest in payments received by the Authority under the Loan Agreement as further described herein under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge and Allocation of Tax Revenues."

There follows in this Official Statement descriptions of the Bonds, the Loan Agreement, the Trust Agreement, the Authority, the Project Area, the Agency and the City. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms not defined herein or in APPENDIX B hereto shall have the meanings set forth in the Trust Agreement or the Loan Agreement. Copies of the Trust Agreement and the Loan Agreement are available for inspection upon reasonable notice during business hours at the office of the Trustee in San Francisco, California.

PURPOSE OF THE BONDS

The Bonds are being issued by the Authority and the proceeds of the Bonds will be loaned to the Agency to finance in part certain capital improvements of the Agency within the Project Area. See "THE PROJECT AREA."

The Agency may use certain proceeds of the Bonds to repay loans from the City that were incurred to finance redevelopment activities. A portion of the proceeds of the Series A Bonds will be applied by the Agency to repay the amount of $13,000,000 of indebtedness the Agency has incurred to the City in connection with the redevelopment of the Project Area from time to time in the form of certain loans, promissory notes and reimbursement agreements (the "Prior Obligations"), which indebtedness is currently outstanding in the amount of $24,628,020.48. A portion of the proceeds of the Series B Bonds will be applied by the Agency to repay the amount of $5,000,000 of the Prior Obligations. The City will be required to use the proceeds of the Series A Bonds from the Agency in repayment of the Prior Obligations for capital improvements projects.

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ESTIMATED SOURCES AND USES OF FUNDS

Following is a table of estimated sources and uses of funds with respect to the Bonds.

Sources:	Series A Bonds	Series B Bonds
Bond Proceeds	$16,080,000.00	$12,500,000.00
Original Issue Premium	49,420.85	
Less: Underwriters Discount	152,760.00	118,750.00
Total Sources	$15,976,660.85	$12,381,250.00
Uses:		
Deposit to Costs of Issuance Fund[1]	617,141.82	263,000.00
Deposit to Interest Account[2]	1,555,519.03	1,492,863.87
Deposit to Project Account	--	5,000,386.13
Deposit to Reserve Account	804,000.00	625,000.00
Repayment of the Prior Obligations	13,000,000.00	5,000,000.00
Total Uses	$15,976,660.85	$12,381,250.00

(1) Includes legal, financing and consultant fees, fees of the Trustee, rating agencies fees, premiums for the financial guaranty insurance policies and the Debt Service Reserve Fund Surety Bonds, and certain miscellaneous expenses.

(1) Represents capitalized interest with respect to the Bonds in an amount expected to fund interest through September 1, 2005.

THE BONDS

Description of the Bonds

The Bonds will be dated the date of delivery and will be issued only in fully registered form in denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest at the rates per annum and will mature, subject to redemption provisions set forth hereinafter, on the dates and in the principal amounts as set forth on the inside cover page of this Official Statement. If the Bonds are not in book entry form, then the principal of the Bonds and any redemption premium are payable upon presentation and surrender thereof, at maturity or upon prior redemption thereof, at the corporate trust office of the Trustee in San Francisco, California (the "Trust Office").

Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing March 1, 2004 (each an "Interest Payment Date"). Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date or during the period from the sixteenth day of the month preceding an Interest Payment Date to such Interest Payment Date, in which event they will bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event the Bonds will bear interest from the date of delivery; *provided, however*, that if at the time of authentication of any Bond interest is then in default on the Outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co. as the registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as a securities depository for the Bonds. Individual purchases may be made in book-entry only form. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds so

purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein and in the Trust Agreement to the Holders or Bondholders shall mean Cede & Co. and do not mean the beneficial owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal of, premium, if any, and interest on the Bonds are payable by the Trustee to Cede & Co. See "APPENDIX C – BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption – Series A Bonds. The Series A Bonds maturing on or after September 1, 2014, are subject to optional redemption prior to their respective maturity dates as a whole, or in part by lot, by such maturity or maturities as shall be directed by the Authority (or in the absence of such direction, pro rata by maturity and by lot within a maturity), from prepayments of the Loan made at the option of the Agency pursuant to the terms of the Loan Agreement or from any other source of available moneys. Such optional redemptions may be made on or after September 1, 2013, on any date with respect to which such Loan prepayments or other moneys shall have been made available subject to prior notice as provided in the related Trust Agreement, at a redemption price equal to the principal amount of the Series A Bonds called for redemption, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Series B Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption – Series A Bonds. The Series A Bonds maturing on September 1, 2022 are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part, on September 1 of each year on and after September 1, 2019, by lot, from and in the amount of the mandatory sinking account payments due and payable on such dates, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon, to the redemption date, without premium, in the amounts and on the dates set forth below:

Series A Bonds Due
September 1, 2022

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2019	$1,000,000
2020	1,050,000
2021	1,105,000
2022	1,165,000

* Maturity

The Series A Bonds with the coupon of 5.250% and maturing on September 1, 2025 are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part, on September 1 of each year on and after September 1, 2023, by lot, from and in the amount of the mandatory sinking account payments due and payable on such dates, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon, to the redemption date, without premium, in the amounts and on the dates set forth below:

5.250% Series A Bonds Due
September 1, 2025

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2023	$ 810,000
2024	1,580,000
2025	1,660,000

* Maturity

The Series A Bonds with the coupon of 5.000% and maturing on September 1, 2025 are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part, on September 1 of each year on and after September 1, 2023, by lot, from and in the amount of the mandatory sinking account payments due and payable on such dates, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon, to the redemption date, without premium, in the amounts and on the dates set forth below:

5.000% Series A Bonds Due
September 1, 2025

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2023	$ 415,000
2024	785,000
2025	825,000

* Maturity

Mandatory Sinking Fund Redemption – Series B Bonds. The Series B Bonds maturing on September 1, 2018 are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part, on September 1 of each year on and after September 1, 20214, by lot, from and in the amount of the mandatory sinking account payments due and payable on such dates, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon, to the redemption date, without premium, in the amounts and on the dates set forth below:

Series B Bonds Due
September 1, 2018

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2014	$ 470,000
2015	495,000
2016	525,000
2017	555,000
2018	590,000

* Maturity

The Series B Bonds maturing on September 1, 2025 are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part, on September 1 of each year on and after September 1, 2019, by lot, from and in the amount of the mandatory sinking account payments due and payable on such dates, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon, to the redemption date, without premium, in the amounts and on the dates set forth below:

Series B Bonds Due
September 1, 2025

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2019	$ 735,000
2020	785,000
2021	835,000
2022	885,000
2023	940,000
2024	1,600,000
2025	1,705,000

* Maturity

The amounts in the foregoing tables will be reduced pro rata, in order to maintain substantially level debt service, as a result of any prior partial optional redemption or mandatory redemption of the Bonds.

In lieu of redemption, moneys in the applicable Principal Account of the Series 2003 Revenue Fund may be used and withdrawn by the Trustee for purchase of Outstanding Bonds, upon the filing with the Trustee of an officer's certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the applicable Interest Account of the Series 2003 Revenue Fund) as such officer's certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

General Redemption Provisions

For purposes of selecting Bonds for redemption, such Bonds will be deemed to be composed of $5,000 multiples and any such multiple may be redeemed separately. If less than all of the Bonds of any maturity are called for redemption at any one time, and so long as the Bonds are in book entry form with DTC as the owner, DTC will determine by lot the amount of interests of each Direct Participant in such maturity to be redeemed. In the case of a partial redemption of Bonds, if the Bonds are no longer held in book entry form, the Trustee will select Bonds within each maturity to be redeemed in any manner it deems appropriate and fair.

Notice of Redemption; Effect of Redemption; Rescission

Notice of redemption will be mailed by first class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the respective registered owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee and to certain securities depositories and information services. Neither failure to receive such notice nor any defect in the notice so mailed nor any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner to notify the Beneficial Owner so affected will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of interest on the redemption date.

From and after the date fixed for redemption, if funds available for the payment of the principal of, premium, if any, and interest on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Trust Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. The Authority may rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be canceled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Trust Agreement. If any redemption is rescinded or canceled in accordance with the Trust Agreement, the Trustee will mail notice of such rescission or cancellation in the same manner as notice of such redemption was originally provided.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, the debt service requirements for the Series A Bonds, the Series B Bonds and the total payments due on the Series A Bonds and the Series B Bonds.

	Series A Bonds			Series B Bonds			
Year Ending September 1	Principal Payments	Interest Payments*	Total	Principal Payments	Interest Payments	Total	Grand Total
2004	-	782,056.53	782,056.53	-	750,555.87	750,555.87	1,532,612.40
2005	-	773,462.50	773,462.50	-	742,308.00	742,308.00	1,515,770.50
2006	-	773,462.50	773,462.50	-	742,308.00	742,308.00	1,515,770.50
2007	-	773,462.50	773,462.50	-	742,308.00	742,308.00	1,515,770.50
2008	425,000.00	773,462.50	1,198,462.50	355,000.00	742,308.00	1,097,308.00	2,295,770.50
2009	440,000.00	760,712.50	1,200,712.50	370,000.00	727,540.00	1,097,540.00	2,298,252.50
2010	455,000.00	746,412.50	1,201,412.50	385,000.00	711,001.00	1,096.001.00	2,297,413.50
2011	470,000.00	730,487.50	1,200,487.50	400,000.00	692,598.00	1,092,598.00	2,293,085.50
2012	490,000.00	711,687.50	1,201,687.50	425,000.00	672,438.00	1,097,438.00	2,299,125.50
2013	510,000.00	692,087.50	1,202,087.50	445,000.00	650,040.50	1,095,040.50	2,297,128.00
2014	530,000.00	670,412.50	1,200,412.50	470,000.00	625,966.00	1,095,966.00	2,296,378.50
2015	555,000.00	647,887.50	1,202,887.50	495,000.00	598,424.00	1,093,424.00	2,296,311.50
2016	575,000.00	622,912.50	1,197,912.50	525,000.00	569,417.00	1,094,417.00	2,292,329.50
2017	605,000.00	597,037.50	1,202,037.50	555,000.00	538,652.00	1,093,652.00	2,295,689.50
2018	630,000.00	569,812.50	1,199,812.50	590,000.00	506,129.00	1,096,129.00	2,295,941.50
2019	1,000,000.00	540,675.00	1,540,675.00	735,000.00	471,555.00	1,206,555.00	2,747,230.00
2020	1,050,000.00	488,175.00	1,538,175.00	785,000.00	425,250.00	1,210,250.00	2,748,425.00
2021	1,105,000.00	433,050.00	1,538,050.00	835,000.00	375,795.00	1,210,795.00	2,748,845.00
2022	1,165,000.00	375,037.50	1,540,037.50	885,000.00	323,190.00	1,208,190.00	2,748,227.50
2023	1,225,000.00	313,875.00	1,538,875.00	940,000.00	267,435,00	1,207,435.00	2,746,310.00
2024	2,365,000.00	250,600.00	2,615,600.00	1,600,000.00	208,215.00	1,808,215.00	4,423,815.00
2025	2,485,000.00	128,400.00	2,613,400.00	1,705,000.00	107,415.00	1,812,415.00	4,425,815.00

*Interest payments are capitalized on the Bonds through September 1, 2005.

For additional information regarding estimated tax increment revenues and projected debt service coverage on the Bonds, see "THE PROJECT AREA – Taxable Values and Tax Increment Revenues" and "PROJECTED DEBT SERVICE COVERAGE" herein.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of property within a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll (commonly known as "tax increment revenues") are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of tax increment revenues.

Allocation of Taxes

Under the provisions of the California Constitution and the Redevelopment Law, taxes, including possessory interest taxes, levied upon taxable property within a project area each year by any taxing agency are allocated according to the following procedures:

(i) To Other Taxing Agencies: That portion of the taxes which would be produced by levying the particular tax rate each year for each of the taxing agencies upon the total assessed value of taxable property in a project area as shown upon the assessment roll last equalized prior to the effective date of the Agency's ordinance adopting the Redevelopment Plan, is allocated to the respective taxing agencies as those taxes are paid and collected. For the purpose of allocating taxes levied for any taxing agency or agencies which did not include the territory located in a project area on the effective date of such ordinance, but to which such territory has been annexed or otherwise included after such effective date, the assessment roll of the county last equalized prior to the effective date of said ordinance is used in determining the assessed valuation of the taxable property in the project area on said effective date; and

(ii) To the Agency: That portion of said levied taxes each year in excess of the foregoing amount is allocated to a special fund of the Agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed or otherwise) incurred by the Agency to finance or refinance, in whole or in part, the redevelopment of a project area. Unless and until the total assessed valuation of taxable property in a project area exceeds the total assessed value of said property as shown by the last equalized assessment roll referred to in the preceding paragraph, all of the taxes levied and collected upon the taxable property in the project area are paid to the respective taxing agencies other than the Agency.

The Agency has no power to levy and collect taxes, and any legislative property tax de-emphasis or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate will reduce the amount of tax allocations that would otherwise be available to pay the principal of, premium, if any, and interest on the Bonds. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein. Likewise, broadened property tax exemptions or any limitation on the rate of taxation by taxing agencies could have a similar effect.

Teeter Plan. The Board of Supervisors of Contra Costa County (the "County") utilizes the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the

Teeter Plan, the County calculates tax increment to redevelopment project areas by applying the current year secured tax rate to secured and unsecured incremental taxable value.

Tax increment is allocated to the Agency based on 100% of the County calculated levy. Under the Teeter Plan, the Agency is shielded from the impact of delinquent property taxes and the County does not adjust tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments.

Pass-Through Payments. Historically, redevelopment agencies entered into agreements to pay tax increment revenues to taxing agencies that had territory within a redevelopment project area in an amount which the agency and the taxing agency agreed was appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These agreements provided for a pass through of tax increment revenues directly to the affected taxing agency and were commonly referred to as "Pass-Through Agreements." The Agency, however, has not entered into any such Pass-Through Agreements. Assembly Bill 1290 ("AB 1290") replaced this negotiating process with a statutory tax increment sharing formula for all redevelopment project areas established on or after January 1, 1994 and with respect to additional territory added to existing redevelopment project areas after January 1, 1994. AB 1290 requires statutory pass through payments ("Pass-Through Payments") to all taxing entities, however a redevelopment agency may subordinate the Pass-Through Payments to the payment of loans, bonds or other debt of the redevelopment agency if the redevelopment agency obtains the consent of the affected taxing entity prior to incurring such debt. The Agency has not subordinated any Pass-Through Payments to date.

In addition, if an agency makes certain types of amendments to a redevelopment plan, such as the 1999 Amendments (as defined herein), the Redevelopment Law provides that either pre-AB 1290 pass through payments continue or, if none are being paid, that Pass-Through Payments be made at the point in time the first of such amendments become operative. The amount of the statutory Pass-Through Payment is calculated against the amount of assessed value by which the then current year assessed value exceeds the adjusted base year assessed value, which is the assessed value of the project area the first year in which one or more of the new limitations takes effect. For these purposes, the relevant amendments are those which extend the time frame to incur debt, increase the amount of tax increment revenue to be received by the agency or extend the effectiveness of a redevelopment plan. See "THE PROJECT AREA – Merger and Amendment of the Project Area" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290)" herein.

Pledge and Allocation of Tax Revenues

Loan Agreement. The Loan and all Parity Debt will be equally and ratably secured by a pledge of, and first lien on, all of the Pledged Tax Revenues and all amounts in the Special Fund for the Project Area. The Special Fund is established and maintained by the Agency pursuant to the Redevelopment Law. The Agency will deposit all Pledged Tax Revenues into the Special Fund. The Authority holds a security interest in the Special Fund pursuant to the terms of the Loan Agreement which, pursuant to the Trust Agreement, is assigned to the Trustee for the benefit of the bondowners.

More specifically, under the Loan Agreement, "Pledged Tax Revenues" are defined to mean: all taxes annually eligible for allocation to the Agency pursuant to the Redevelopment Law with respect to the Project Area (including all payments, reimbursements and subventions, if any, specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations):

decreased by

(a) amounts, if any, not exceeding twenty percent (20%) of certain of such taxes which may be required by law to be deposited in the Housing Fund;

(b) amounts, if any, received pursuant to Section 16111 of the California Government Code;

(c) Pass-Through Payments; and

(d) the Senior Harbour Debt Service;

and increased by

(e) an amount equal to the Loan Payments; and

(f) an amount payable from the amounts otherwise required to be deposited in the Housing Fund pursuant to the Redevelopment Law equal to Debt Service with respect to Parity Debt (other than the Loan Payments) times a fraction, the numerator of which is the amount of proceeds (net of reserve funds and costs of issuance) of such Parity Debt that is deposited in the Housing Fund or used for purposes for which funds in the Housing Fund are eligible under the Redevelopment Law, and the denominator of which is the aggregate amount of proceeds (net of reserve funds and costs of issuance) of such Parity Debt.

See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290)" hereinafter.

Under the terms of the Loan Agreement, the Agency may issue or incur Parity Debt with respect to the Project Area. See "Issuance of Parity Debt" below for a discussion of the issuance of Parity Debt by the Agency.

Issuance of Parity Debt

Under the Loan Agreement, the Agency may at any time issue or incur Parity Debt payable from Pledged Tax Revenues and secured by a lien and charge on the Pledged Tax Revenues equal to and on a parity with the lien and charge securing the Bonds, subject to certain conditions precedent, including, without limitation, a determination by the Agency that: (i) the Pledged Tax Revenues to be received by the Agency in the then current fiscal year based upon the most recent qualified assessment roll of the County, are at least equal to one hundred forty percent 140% of Maximum Annual Debt Service and (ii) no Event of Default under the Loan Agreement, under any Parity Debt Instrument, under any Subordinate Debt Instrument or under any other instrument secured by tax increment revenues of the Agency with respect to the Project Area shall have occurred and be continuing. See APPENDIX B – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LOAN AGREEMENT – Parity Debt."

Senior Obligations to the Loan Agreement

Under that certain Indenture, dated as of January 1, 1992, as amended by a First Supplemental Indenture, dated as of February 1, 1998, all by and between the Agency and U.S. Bank Trust, N.A. (as successor to First Trust of California, N.A.), (the "Senior Harbour Indenture"), the Agency issued its Harbour Redevelopment Project 1991 Tax Allocation Bonds (the "1991 Bonds") and its Harbour Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A (the "1998 Bonds"), secured by

a senior lien on tax increment revenues generated from the Harbor Project Area. Under the Senior Harbour Indenture, the Agency may issue future Parity Obligations equal to and on a parity with the lien and charge securing the 1991 Bonds and the 1998 Bonds, subject to certain conditions precedent, see "Additional Senior Obligations" below. The 1991 Bonds, the 1998 Bonds and any parity obligations issued under the Senior Harbour Indenture (the "Senior Harbour Bonds") are secured by a lien which is senior in all respects to that portion of the Pledged Tax Revenues derived from the Harbour Project Area. For the fiscal year 2002-03, tax increment revenues from the Harbour Project Area are projected to represent 89% of the Pledged Tax Revenues. See "PROJECTED DEBT SERVICE COVERAGE" herein.

1991 Bonds. In January 1992, the Agency issued the 1991 Bonds. The Agency refunded a portion of the 1991 Bonds with the proceeds of the 1998 Bonds. On July 1, 2003, the 1991 Bonds had a remaining principal balance of $305,000. The 1991 Bonds mature on July 1, 2009. The 1991 Bonds are special, limited obligations of the Agency and, except to the extent payable out of moneys attributable to the 1991 Bonds proceeds, are payable solely from a pledge on the tax revenues generated by the Harbour Project Area. The 1991 Bonds are not secured by tax revenues generated by other project areas.

1998 Bonds. In February 1998, the Agency issued the 1998 Bonds. On July 1, 2003, the 1998 Bonds had a remaining principal balance of $21,474,779. The 1998 Bonds mature on July 1, 2023. The 1998 Bonds are special, limited obligations of the Agency and, except to the extent payable out of moneys attributable to the 1998 Bonds proceeds, are payable solely from a pledge on the tax revenues generated by the Harbour Project Area. The 1998 Bonds are not secured by tax revenues generated by other project areas. The 1998 Bonds are secured on a parity with the 1991 Bonds.

Additional Senior Obligations

The additional bonds test set forth in the Senior Harbour Indenture requires the delivery by the Agency to the Trustee of a certificate of the Agency, for the current year and each future bond year during which the 1998 Bonds and the 1991 Bonds are outstanding, that the tax revenues are at least equal to 1.30 times maximum annual debt service on the 1998 Bonds and the 1991 Bonds and Parity Obligations; provided, however, that for purposes of the coverage test, the tax revenues shall be reduced by the average total tax collection relative to the tax levied over the three prior fiscal years. Only the 1998 and 1991 Bonds are, and any obligations on a Parity with the 1998 Bonds and the 1991 Bonds, if any, would be, senior to the pledge under the Loan Agreement. Under the Loan Agreement, Pledged Tax Revenues are pledged as debt service coverage on the Loan, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge and Allocation of Tax Revenues – Loan Agreement."

The debt service coverage required to issue additional parity obligations under the Senior Harbour Indenture currently exceeds the tax increment revenues generated from the Harbour Project Area and pledged under the Loan Agreement. Therefore, the issuance of additional parity obligations under the Senior Harbour Indenture would not be expected to reduce tax increment revenues available under the Loan Agreement.

Deposit of Tax Revenues to Special Fund

Special Fund. The Agency agrees and covenants under the Loan Agreement that all Pledged Tax Revenues, when and as received by the Agency, will be received by the Agency in trust. In each fiscal year the Agency is required to deposit in trust in the Special Fund an amount of Pledged Tax Revenues equal to the Debt Service payable on March 1 of such fiscal year and September 1 of the next succeeding fiscal year. The Pledged Tax Revenues in each fiscal year may not be applied to any other purpose until such time as the required deposits are fully made. The Special Fund is pledged and a first security interest

granted therein and all money on deposit in the Special Fund must be applied and used only as provided under the Loan Agreement. All money on deposit in the Special Fund must be used to pay Debt Service on the Bonds. After making all the set-asides and payments required to be made under the Loan Agreement in each fiscal year, the Agency may expend in such fiscal year any remaining money in the Special Fund for any lawful purpose of the Agency. The Agency agrees and covenants to maintain the Special Fund so long as the Loan remains unpaid.

At least 15 days prior to each Interest Payment Date, the Agency will transfer to the Trustee from the Special Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Bonds on such Interest Payment Date (the "Loan Payment"). The Loan Payments shall be payable from all Pledged Tax Revenues. In the event that the Pledged Tax Revenues are insufficient to pay all Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Loan Payments and Parity Debt Service.

The Trust Agreement

Under the Trust Agreement, all of the Authority's right, title and interest in and to the Agency's payments of principal and interest under the Loan Agreement are assigned to the Trustee for the benefit of the bondowners and are pledged to secure the payment of the principal, premium, if any, and interest payable with respect to the Bonds. Such payments under the Loan Agreement constitute the only sources of payment of principal of, premium, if any, and interest payable with respect to the Bonds (except to the extent certain funds and amounts, including the proceeds of the Bonds and investment earnings on amounts held under the Trust Agreement, are available for such payment). The Trust Agreement provides the Trustee with the power to enforce all of the rights of the Authority under the Loan Agreement.

The Bonds are limited obligations of the Authority entitled to the benefits of the Trust Agreement, payable solely from and secured by the funds and accounts held by the Trustee pursuant to the Trust Agreement and the assignment and pledge therein of the Authority's interest in the payments of principal and interest made by the Agency under the Loan Agreement. The Loan is secured, and therefore the Bonds are secured, by a pledge of the Pledged Tax Revenues. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT."

Reserve Accounts. The Trust Agreement establishes two Reserve Accounts, one related to each series of Bonds, to be held by the Trustee for the benefit of the Authority and the Holders of the related series of Bonds. The amount on deposit in each Reserve Account is required to be maintained at the Reserve Account Requirement for each series of Bonds at all times until payment of the Loan in full. All money in the Reserve Accounts will be used and withdrawn by the Trustee solely to pay principal of and redemption premium, if any, and interest on the Bonds in the event of any deficiency at any time in the Interest Account or Principal Account of each series of the Series 2003 Revenue Fund established under the Trust Agreement. In the event of a partial redemption of either Series of Bonds pursuant to the Trust Agreement, the related Reserve Account Requirement will be reduced to the Maximum Annual Debt Service on all Outstanding related Series of Bonds after such redemption. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Pledge of Revenues – Establishment and Maintenance of Accounts for the Use of Moneys in the Series 2003 Revenue Fund – Series 2003A Reserve Account and Series 2003B Reserve Account."

Under the Trust Agreement, the Authority may satisfy either Reserve Account Requirement at any time by depositing with the Trustee a surety bond, insurance policy or letter of credit, or any combination thereof, as a substitute for all or a portion of cash then on deposit in either Reserve Account.

Accordingly, upon issuance of the Bonds, a Debt Service Reserve Fund Surety Bond in the stated amount of $804,000 will be deposited in the Reserve Account in respect of the Series A Bonds and a Debt Service Reserve Fund Surety Bond in the stated amount of $625,000 will be deposited in the Reserve Account in respect of the Series B Bonds. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Pledge of Revenues – Reserve Surety Policies and Letters of Credit" herein. See also "FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS" herein. The amount of each Debt Service Reserve Fund Surety Bond, when added to the amounts already on deposit in each Reserve Account, will equal to the applicable Reserve Requirement relating to each series of Bonds.

FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS

Financial Guaranty Insurance Policies

The following information has been furnished by MBIA Insurance Corporation (the "Insurer") for use in this Official Statement. Reference is made to "APPENDIX F – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY" for a specimen of the Insurer's policies.

The Insurer's policies unconditionally and irrevocably guarantee the full and complete payment required to be made by or on behalf of the Authority to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policies shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policies do not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer's policies do not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policies also do not insure against nonpayments of principal or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as

agent for such owners of the Bonds in any legal proceedings related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory of U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the insured amounts due on such Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

Debt Service Reserve Fund Surety Bonds

The Insurer has issued its commitments to issue a surety bond relating to the Series A Bonds and a surety bond relating to the Series B Bonds (each, a "Debt Service Reserve Fund Surety Bond") for the purpose of funding each Reserve Account in the amount of the Reserve Requirement relating to each series of Bonds. See "SECURITY AND SOURCES OF PAYMENT – Trust Agreement – Reserve Accounts" above. Each Debt Service Reserve Surety Bond will provide, with respect to the series of Bonds supported thereby, that upon notice from the Trustee to the Insurer to the effect that insufficient amounts are on deposit in the Series 2003 Revenue Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the applicable series of Bonds, the Insurer will promptly deposit with the Trustee an amount sufficient to pay the principal of and interest on the applicable series of Bonds or the available amount of the applicable Debt Service Reserve Fund Surety Bond, whichever is less. Upon the later of: (i) three (3) days after receipt by the Insurer of a Demand for Payment in the form attached to the Debt service Reserve Fund Surety Bond, duly executed by the Trustee; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Trustee to the Insurer, the Insurer will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

The available amount of each Debt Service Reserve Fund Surety Bond is the initial face amount of each Debt Service Reserve Fund Surety Bond less applicable amount of any previous deposits by the Insurer with the Trustee which have not been reimbursed by the Authority. the Authority and the Insurer have entered into a Financial Guaranty Agreement dated as of the date of delivery of the Bonds (the "Agreement"). Pursuant to the Agreement, the Authority is required to reimburse the Insurer, within one year of any deposit, the amount of such deposit made by the Insurer with the Trustee under each Debt Service Reserve Fund Surety Bond. Such reimbursement shall be made only after all required deposits to the Series 2003 Revenue Fund has been made.

Under the terms of the Agreement, the Trustee is required to reimburse the Insurer, with interest, until the face amount of the applicable Debt Service Reserve Fund Surety Bond is reinstated before any deposit is made to the Series 2003 Revenue Fund. No optional redemption of any series of Bonds may be made until the applicable Debt Service Reserve Fund Surety Bond is reinstated. Each Debt Service Reserve Fund Surety Bond will be held by the Trustee in the applicable Reserve Account and is provided as an alternative to the Authority depositing fund equal to applicable Reserve Requirement for outstanding Bonds of each series. Each Debt Service Reserve Fund Surety Bond will be issued in the face amount equal to the Maximum Annual Debt Service of each series of Bonds and the premium therefor will be fully paid by the Authority at the time of delivery of the Bonds.

The Insurer

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico,

the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends of the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserve on its liabilities in certain amounts and for certain periods of time.

The Insurer does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the financial guaranty insurance policies and the Insurer set forth under the heading "FINANCIAL GUARANTY INSURANCE POLICIES AND DEBT SERVICE RESERVE FUND SURETY BONDS." Additionally, the Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 2002; and

(2) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, are available (i) over the Internet at the SEC's web site at http://www.sec.gov/; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at http://www.mbia.com; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545.

As of December 31, 2002, the Insurer had admitted assets of $9.2 billion (audited), total liabilities of $6.0 billion (audited), and total capital and surplus of $3.2 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 2003 The Insurer had admitted assets of $9.5 billion (unaudited), total liabilities of $6.1 billion (unaudited), and total capital and surplus of $3.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of the Insurer "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of the Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

THE AUTHORITY

The Authority was created by a Joint Exercise of Powers Agreement, dated as of December 1, 1989 (the "JPA Agreement"), by and between the Agency and the City. The JPA Agreement was entered into pursuant to the provisions of Articles 1 and 4, Chapter 5, Division 7, Title 1 of the California Government Code (the "JPA Law").

The members of the Agency and the City Council of the City (the "City Council") serve as the governing board of the Authority. The Authority is a separate entity constituting a public instrumentality of the State and was formed for the public purpose of establishing a vehicle which could reduce the borrowing costs of the Agency and promote greater use by the Agency of existing and new financial instruments and mechanisms.

THE AGENCY

The City Council organized the Agency by Ordinance No. 4687 in October 1949 to exercise the powers granted by the Redevelopment Law.

The Agency was one of the first redevelopment agencies formed in the United States and its original objectives were to acquire and clear wartime housing, provide new housing for low and moderate income families and upgrade and broaden the City's economic base through development of industrial parks and commercial areas. To accomplish these objectives, the Agency has formed and administered eleven redevelopment projects.

The Agency has the authority to acquire, administer, develop and sell or lease property, including the right of eminent domain, and the right to issue bonds and expend the proceeds. The Agency can clear buildings and other improvements, can develop as a building site any real property owned or acquired, and in connection with such development, can cause streets, highways and sidewalks to be constructed or reconstructed and public utilities to be installed.

Financial Statements

The Agency's audited financial statements for the Fiscal Year Ending June 30, 2002 are attached hereto as APPENDIX H. The fiscal year 2001-02 financial statements were audited by Caporicci & Larson, Certified Public Accountants ("Caporrici & Larson"). Caporrici & Larson has not reviewed this Official Statement and the Agency has not requested Caporrici & Larson to consent to the inclusion of the 2001-02 audited financial statements herein. The report of Caporrici & Larson contains certain findings concerning the compliance with accounting procedures, establishing time limits and the requirement to deposit a portion of the tax increment revenues in the Low and Moderate Income Housing Fund (the "Housing Fund" or "Housing Set-Aside"). See "APPENDIX H – AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2002" and "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Low and Moderate Income Housing Fund" herein.

In August 2000, the State Attorney General confirmed that the Agency is in substantial compliance with the requirements of the Redevelopment Law and that no "major violations" (as defined in the Redevelopment Law) exist with respect to the Agency.

Governance and Administration

The Agency is administered by a governing board of nine members (the "Board"), who are the elected Mayor and members of the City Council. Pursuant to the Redevelopment Law, the Agency is a separate public body and exercises governmental functions in planning and implementing improvement projects.

The members of the Agency, their respective positions on the Board and the ending date of their respective terms follow.

Member	Board Position	Term Expiration
Irma L. Anderson	Chair	November 21, 2005
Mindell Lewis Penn	Vice Chair	November 17, 2003
Nathaniel Bates	Member	November 17, 2003
Charles H. Belcher	Member	November 17, 2003
Gary Bell	Member	November 17, 2003
Richard L. Griffin	Member	November 21, 2005
Thomas K. Butt	Member	November 17, 2003
Jim Rogers	Member	November 21, 2005
Maria Viramontes	Member	November 21, 2005

A discussion of senior management of the Agency and City and their respective positions and duties follows.

Isiah Turner, Chief Executive Officer of the Agency and City Manager, brings 30 years of administrative and leadership experience to the City. Under his leadership, the City has experienced collaboration among public agencies, community based organizations, labor, education and the business community. Mr. Turner is responsible for developing the One Stop Career Center and RichmondWORKS, which serve the employment and training needs of the City and have resulted in over 15,000 jobs for City residents. Currently, he is leading a redevelopment program that will create 5,000 new jobs; build 2,500 new homes ranging in cost from $170,000 to $750,000; develop a transit village in old downtown Richmond; revitalize the old Ford Building; and create three retail/commercial centers in

the Hilltop and Marina area and in the Richmond Annex area. His background includes serving in the Washington State Governor's Cabinet as Commissioner of the Washington State Employment Security Department, during which time he managed a department of 2,700 employees with an operating budget of $150 million. Mr. Turner is an appointed member of California State Governor Gray Davis' Workforce Investment Board and the California Association of Local Economic Development Board of Directors. Mr. Turner has a Bachelor of Arts degree from Evergreen State College in Washington State and is a graduate of the John F. Kennedy School of Government Program for Senior Executives in State and Local Government, Harvard University, Cambridge Massachusetts.

Steve Duran, Director of the Agency, has served in that capacity since June, 2002. Mr. Duran's experience includes 30 years of real estate and redevelopment experience, most of which was in the private sector. Mr. Duran came to the city from the San Jose Redevelopment Agency, where he served as a Senior Negotiations Officer before being promoted to manager, downtown Development and Implementation. Mr. Duran holds an A.S. Degree in Real Estate from Contra Costa College, a B.S. Degree in Business Administration from California State University at Hayward and an M.B.A. in Management from Golden Gate University.

THE PROJECT AREA

Redevelopment Plans

The Agency is responsible for redevelopment in eleven project areas consisting of approximately 3,562 acres within the City. The City is located in Contra Costa County, 10 miles northeast of San Francisco. Under the Redevelopment Law, every redevelopment agency is required to adopt, by ordinance, a redevelopment plan for each redevelopment project area. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law.

The goal of a redevelopment plan is to eliminate blighted conditions in the project area by undertaking appropriate projects pursuant to the Redevelopment Law. The objectives of the City's Redevelopment Plans are summarized as follows: (i) eliminate physical and economic blight in the project areas; (ii) stimulate residential, commercial, industrial, transit and port development in the project areas; (iii) provide for a range of commercial and industrial uses to stimulate strong local economic growth and job opportunities for residents; (iv) remove impediments to land development, guide development toward a high level of design standards, and aid in the removal or rehabilitation of functionally or structurally substandard buildings; (v) improve safety and security in the project areas; (vi) increase and improve the supply of low and moderate income housing in the City through the use of tax increment funds; and (vii) provide tax increment funds for the redevelopment activities that are needed to alleviate blighting conditions and repay bonded indebtedness.

Merger and Amendment of the Project Area

The Agency amended and merged together nine of its project areas (the "Merged Project Area") for financial and time limit purposes. The Merged Project Area consists of nine formerly "independent" redevelopment project areas which were merged together on July 13, 1999 (the "1999 Amendments") and include: Eastshore No. 1-A (the "Eastshore Project Area"); Potrero No. 1-C (the "Potrero Project Area"); Galvin No. 3-A (the "Galvin Project Area"); Harbor Gate No. 6-A (the "Harbor Gate Project Area"); Hensley No. 8-A (the "Hensley Project Area"); Downtown No. 10-A (the "Downtown Project Area"); Nevin Center No. 10-B (the "Nevin Center Project Area"); Harbour No. 11-A (the "Harbour Project Area") and North Richmond No. 12-A (the "North Richmond Project Area"). Under the Redevelopment Law, the merger of nine of the Agency's constituent project areas will not affect the senior pledge of tax

increment revenues derived from the Harbour Project Area to the repayment of the 1998 Bonds and the 1991 Bonds.

As part of the 1999 Amendments, territory was added to the Eastshore Project Area, the Harbor Gate Project Area, the Hensley Project Area, the Downtown Project Area, the Nevin Center Project Area and the Harbour Project Area (the "Added Areas").

Redevelopment Plan Limitations and Land Usage

In 1993, the California Legislature enacted AB 1290. AB 1290 provides for, among other things, the placement of time limits on the effectiveness of every redevelopment plan and provides that after ten years from the termination date of a plan's effectiveness, no redevelopment agency, subject to certain exceptions, shall pay indebtedness or receive property tax in connection therewith. AB 1290 further places a time limit on the incurrence of debt to the later of 20 years from the adoption of the redevelopment plan or January 1, 2004. This time limit to incur debt does not prevent agencies from refinancing indebtedness after expiration of the time limit if the indebtedness is not increased and the time during which the indebtedness is to be repaid does not exceed the date on which the original indebtedness would have been paid. The time limit for the incurrence of debt may be extended for a maximum of ten years by amendment of the redevelopment plan if the agency makes certain findings regarding significant blight remaining in the project area. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290)" herein.

In 2001, the California Legislature enacted SB 211, which allows a redevelopment agency to delete the debt incurrence date from its redevelopment plan for those project areas that were adopted prior to December 31, 1993. The amendment of the redevelopment plan can be accomplished without the need to follow noticing, hearing and documentation required for a normal plan amendment. The legislative body need only adopt an ordinance to delete the debt incurrence limit per SB 211. The Agency intends to remove the debt incurrence limit from the project areas shown below. The currently required amount of AB 1290 pass through payments will not be increased due to the SB 211 amendment. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – SB 211" herein.

Time Limits. The Merged Project Area has been grouped according to the date when their debt limit occurs. Those portions of the Merged Project Area that can incur debt after January 1, 2004 are collectively referred to herein as the "Project Area." The Pledged Tax Revenues allocated from the Project Area secure the Loan Agreement, which is limited in amount and duration, and all Parity Debt.

The following table summarizes the Agency's deadlines for incurring debt, last date to receive tax increment and various dates of adoption of the Redevelopment Plans and shows the current complement of land use and approximate size of each constituent project area or portion of each constituent project area within the Project Area.

Constituent Project Area	Primary Land Use	Acres	Original Adoption	Last Date to Incur Debt	Time Limit for Plan	Time Limit for TI[1] Receipt
1A Eastshore (Added Area)	Commercial	14	7/13/1999	7/13/2019	7/13/2029	7/13/2044
6A Harbor Gate (1995 Area)	Industrial	616	6/26/1995	7/26/2015	7/26/2025	7/26/2040
6A Harbor Gate (Added Area)	Industrial	16	7/13/1999	7/13/2019	7/13/2029	7/13/2044
8A Hensley (Added Area)	Industrial	666	7/13/1999	7/13/2019	7/13/2029	7/13/2044
10A Downtown (Added Area)	Commercial	174	7/13/1999	7/13/2019	7/13/2029	7/13/2044
10B Nevin (Added Area)	Residential	10	7/13/1999	7/13/2019	7/13/2029	7/13/2044
11A Harbour	Commercial	964	6/09/1975	1/1/2014[2]	6/09/2015	6/09/2025

[1] Tax Increment
[2] Shows the project area(s) where the debt incurrence limit will be deleted.
Source: Fraser & Associates

Cumulative Tax Increment Limit. As part of the 1999 Amendments, a combined tax increment limit of $521,400,000 was established. The combined limit applies to tax increment revenues received after the effective date of the ordinance (December 22, 1986) that originally established the tax increment limit in each of the constituent project areas. The combined tax increment limit does not apply to the Added Areas, nor to the territory that was added to the Harbor Gate Project Area on June 26, 1995 (the "1995 Area"). Those areas were added after the implementation of various changes to the Redevelopment Law that were triggered by AB 1290. In addition to the changes described above in "-Redevelopment Plan Limitations," AB 1290 eliminated the need to establish a cumulative tax increment limit for new redevelopment project areas or areas that were added to existing project areas. Through the 2001-02 fiscal year, the Consultant estimated that the Agency received $105.6 million in tax increment for those portions of the Merged Project Area subject to the tax increment limit. Based on the projections of tax increment contained in the Consultant Report, the Agency will not reach its cumulative tax increment limit before the end of the period to receive tax increment for the various constituent project areas of the Merged Project Area.

Bonded Indebtedness Limit. The Agency, as a part of the 1999 Amendments, also established a combined limit on the principal amount of bonded indebtedness that can be outstanding at any one time. That limit is $250 million and applies to the entire Merged Project Area. As of April 2003, the Agency had approximately $53 million in bonds outstanding. See "APPENDIX G – FISCAL CONSULTANT REPORT."

The Project Area

A description of the current and future development within the Project Area follows. There can be no assurances that such development will actually occur. It is expected that additional public funds will be needed over the next several years to accomplish the goals of the Redevelopment Plans. The Agency expects to raise the additional public funds (i) by issuing future debt obligations, the repayment of which may be secured by Pledged Tax Revenues and (ii) from the proceeds of sale of land owned by the Agency in the Merged Project Area.

The Project Area is comprised of all of the Harbour Project Area, the Added Areas and the 1995 Area. As the 2002-03 assessed value for the 1995 Area is currently below the base year value, the

Consultant Report only includes an analysis of tax increment revenue from the Added Area and the Harbour Project Area, as more fully discussed in APPENDIX G.

Eastshore Project Area. A total of 14 acres has been added to this project area as part of the 1999 Amendments. This new acreage is characterized by single story retail stores fronting San Pablo Avenue. Currently, Agency staff is unaware of any major development projects being considered or planned for this area.

Harbor Gate Project Area. A total of 16 acres has been added to this project area as part of the 1999 Amendments and a total of 616 acres were added by the 1995 amendment. This acreage is all characterized by underdeveloped/underutilized property, inadequate infrastructure and obsolete parcelization.

Projects under construction or completed include: (i) a 480,000 square foot Department of Health Services State Laboratory facility; (ii) a 31,000 square foot highway commercial center anchored by a Longs Drug Store; and (iii) an 86-acre parcel being considered for mixed-use development to include office, research and development and light industrial uses. Other developers have expressed interest in development opportunities within this project area, however, none are under review by the Agency or City at this time.

Hensley Project Area. A total of 887 acres has been added to this project area as part of the 1999 Amendments. This new acreage is characterized by underutilized industrial parcels. Large commercial and industrial development are being considered for this site; however, no specific projects have been formally presented to the Agency or City for review and consideration. A number of large parcels are under contract or in preliminary site design development stage at this time.

Downtown Project Area. A total of 174 acres has been added to this project area as part of the 1999 Amendments. This new acreage is characterized primarily by older, single and two story commercial/retail buildings fronting Macdonald Avenue. New developments under consideration are comprised of in-fill projects and adaptive re use of existing buildings. A major project is now in the planning stages for the redevelopment of the former Wards/Toys-R-Us site at Macdonald Avenue and Interstate 80. The center has been vacant for several years. Target is planning a 150,000 square foot "Greatland" store format along with a major supermarket anchor. Complimentary junior anchors are being planned as well. Target's developer intends to develop the center as a regional destination that also serves as a much needed community commercial center in the central Richmond/Macdonald Avenue corridor.

Nevin Center Project Area. A total of 10 acres has been added to this project area as part of the 1999 Amendments. This new acreage is characterized by vacant lots, abandoned buildings and underutilized facilities. At present there are no private development plans pending for this project area.

Harbour Project Area. The 1,103-acre Harbour Project Area, shown on the Map denominated "VI Harbour," is located wholly within the Project Area. Historically, the Harbour Project Area consisted of Port of Richmond related commercial activities and industrial activities. Presently, it includes residential and commercial uses, marina, parks and research and development facilities and the port.

Development within the Harbour Project Area occurs pursuant to the Redevelopment Plan. In addition, development within the Marina Bay portion of the Harbour Project Area also occurs pursuant to (i) the Master Agreement, dated as of December 17, 1984, as amended (the "Master Agreement"), among the Agency, the City and Penterra Company, an Oklahoma corporation ("Penterra"), (ii) the Marina Bay Development Agreement, dated as of December 17, 1994, as amended (the "Development Agreement"

and, together with the Master Agreement, collectively, the "Penterra Agreements"), among the Agency, the City and Penterra. Effective March 1, 1996, Penterra assigned to Penterra LLC its remaining interests under the Master Agreement and the Development Agreement. For additional information regarding development within the Harbour Project Area, see "Development" below.

Within the Harbour Project Area, the Agency continues to construct public infrastructure and public facility improvements to stimulate new development, including the implementation of a public improvement program designed to complement the diversity of land users as well as providing a distinct identity for this area. Public improvements planned are the City's gateway design program, landscaping, signage, lighting, streets, bikeways and enhancement of existing parks and trails systems.

The Agency also continues to assist in the economic development of the Harbour Project Area by promoting the development of underutilized properties through rehabilitation and seismic upgrading, remediating certain properties located in the Harbour Project Area and assisting with offsite improvement.

Upon completion of the redevelopment project, estimated to occur in 2015, the Harbour Project Area will consist of Marina Bay, a water oriented community comprised of over 2,200 single family homes, townhouses and apartments, and commercial, industrial research and development and marine development, including a 1,500-berth pleasure boat marina. The balance of the Harbour Project Area will consist of office, commercial and light industrial space.

Development. Pursuant to the Redevelopment Plan, the following uses, together with appurtenant accessory uses and utility and public safety facilities, are permitted: port and industrial, commercial, residential and public use and open space. Within each of these uses, the Redevelopment Plan incorporates various criteria regarding future development, including (i) commercial use, permitting the establishment of retail stores, restaurants, parking facilities, parks and other consistent uses authorized by the Agency, (ii) residential use, limiting the overall average density to approximately 30 dwelling units per net useable acre, provided that such development is consistent with current optimum land planning standards, and setting the approximate number of dwelling units in the project area at 2,000 to 2,500, and (iii) public use and open space, requiring at least 135 acres of property within the project area to be devoted to public parks, landscaped areas, a boat marina and all other necessary ancillary uses.

To date, 2,000 residential units and approximately 800,000 square feet of commercial space within the Harbour Project Area have been developed pursuant to the Redevelopment Plan. At present, approximately 50 acres or approximately five percent of the property within the Harbour Project Area is vacant and is expected to be developed primarily for commercial use.

Penterra Agreements. Certain development within the Harbour Project Area, consisting of approximately 363 acres within the Richmond Inner Harbor Basin (Marina Bay) (the "Marina Bay Project Site"), is governed by the Master Agreement and the Development Agreement. Under the Master Agreement, Penterra LLC acts as the "Master Developer" of private development within the Marina Bay Project Site by its direct development of this property or by causing others to develop this property. The Master Agreement governs certain rights and obligations among Penterra LLC, the Agency and the City. The Development Agreement governs the development of the Marina Bay Project Site, including the installation of necessary improvements and the provision of public services appropriate to each stage of the development. The Penterra Agreements expire by their terms on December 31, 2009, unless extended or terminated by mutual agreement of the parties thereto.

To date, 2,000 residential units and approximately 400,000 square feet of commercial space within the Marina Bay project site have been developed pursuant to the Penterra Agreements.

While it is anticipated that additional projects will be developed by Penterra LLC under the Penterra Agreements, there can be no assurance that such projects will actually be developed. The north shore of Marina Bay is in the design review approval for a marina village of 54,000 square feet and up to 190 housing units.

Marina Bay has been the subject of environmental remediation as a result of its World War II shipyard activity. The Agency has reached settlement agreements with Penterra LLC and the United States Government. In addition, the Agency received a court ordered settlement with Kaiser.

The Regatta Center consists of a 49 acre complex including buildings for commercial and light industrial uses. The total proposed project area is approximately 2,165,700 square feet, including buildings (approximately 725,300 square feet), parking areas and road improvements (approximately 974,600 square feet) and landscaping (approximately 465,800 square feet). The first phase of this multi-phased development is located on the north side of Regatta Boulevard and includes 138,000 square feet of office flex space and is currently occupied by Lucent Technologies, DiCon Fiberoptics and other high-tech tenants. Construction of phase two of this development (see DiCon Fiberoptics Inc. Office Campus below), consisting of approximately 465,000 square feet of space, was completed in 2002. Phase three, the construction of approximately 100,000 square feet of space, has been postponed due to economic conditions.

Additional Development. New developments that are currently under construction or recently completed in the Project Area included in the Consultant Report, attached hereto as Appendix G, provide an additional source of Pledged Tax Revenues during the forecast period of the report. Since some of these projects are under development, there can be no assurance that the Pledged Tax Revenues forecast by the Consultant Report for these projects will actually be realized. See APPENDIX G hereto.

Dicon Fiberoptics Inc. Office Campus. Dicon has completed the initial phase of an office and research and development complex. The Phase I development includes 67,493 square feet of office use, 136,575 square feet in three research and development buildings, and 15,000 square feet of ancillary uses. The development began construction in July 2000 and was completed and occupied by Dicon in June 2002. The development was added to the tax roll for fiscal year 2002-03. Two additional phases, which have not been included in the tax increment projections, are planned to include 228,000 square feet of research and development uses.

Bay West Group. The construction of this office/flex project is complete and includes research and development and light industrial uses. This four building complex currently houses a national call center for a telecommunications company, a design firm, and a high-technology manufacturer of testing and calibration equipment. This complex has experienced high occupancy rates in spite of regional trends.

Marina Center. In June 2000, the Agency sold this property to a Bay Area developer. Construction has been completed on the rehabilitation of two existing industrial buildings with a total of 90,000 square feet. The Agency land sale added taxable value to the 2001-02 tax roll, with the rehabilitation of the buildings adding value in 2002-03. Future plans on the site include the construction of 180,000 square feet of new light industrial uses that have not been included in the projections.

There are three additional significant projects on the South Shoreline that are in the planning approval process and reflect the conversion of the area from heavy industrial to high-tech and residential. The historic 550,000 square foot Ford Assembly Building is being rehabilitated and redeveloped by the Agency. Rehabilitation has begun with the remediation of lead paint and asbestos contamination within the structure and with seismic stabilization. Building rehabilitation and repair will continue thorough the

Summer of 2003 and completion is expected by the end of 2003. The Agency is soliciting a developer to complete the project; it is expected that the building will be a mixed-use project to include office, retail, and residential uses. The second project is the former City Terminal One site located in the Brickyard Cove area. The 13.5 acre parcel will be developed by Toll Brothers as high-end residential units with San Francisco Bay views. The project is in the planning stage of development and is expected to be under construction in 2004. The third project is a high-end condominium development on the westshore of Marina Bay at the terminus of Marina Way South. A developer/builder is in final negotiations with the master developer for the construction of approximately 350 high-end condominium units. As this project is substantially entitled through the master development agreement, the project is expected to move forward rapidly with construction likely to commence in the Spring of 2003.

Taxable Values and Tax Increment Revenues

For the Project Area, set forth below in Table 1, Table 2, and Table 3, respectively are historical taxable values and tax increment revenues from fiscal years 1998-99 to 2002-03, the ten major property tax assessees and a projection of incremental tax revenue from fiscal years 2002-03 to 2024-25. Tax increment revenues may be reduced in the future as a result of a number of factors. See "BOND OWNERS' RISKS" herein.

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TABLE 1
Richmond Redevelopment Agency
Historical Taxable Values and Tax Increment Revenues
Project Area[1]

Description	1998/99	1999/00	% Change	[2] 2000/01	% Change [3]	2001/02	% Change	2002/03	% Change
Secured	394,554,156	425,083564	7.74%	656,603,680	N/A	732,909,329	11.62%	853,590,485	16.47%
Utility Roll	1,468,711	1,456,315	-0.84%	1,955,004	N/A	2,058,701	5.30%	1,905,016	-7.47%
Unsecured	67,462,964	67,306,204	-0.23%	74,355,864	N/A	92,397,288	24.26%	85,213,415	-7.77%
TOTAL VALUE	463,485,831	493,846,083	6.55%	732,914,548	N/A	827,365,318	12.89%	940,708,916	13.70%
Base Year Value	51,052,120	51,052,120		240,766,019		240,766,019		240,766,019	
Incremental Value	412,433,711	442,793,963		492,148,529		586,599,299		699,942,897	
Tax Incremental Levy	4,808,565	5,086,817		5,642,586		6,729,618		8,025,057	
Unitary Revenue	67,734	68,671		49,275		47,832		59,875	
TOTAL LEVY	$4,876,299	$5,155,488		$5,691,860		$6,777,450		$8,084,932	
Actual Receipts, less Supplemental Revenue	4,872,231	5,155,702		5,706,170		6,712,809		N/A	
PERCENTAGE OF LEVY	99.92%	100.00%		100.25%		99.05%		N/A	
Supplemental Revenues	224,593	175,944		382,448		350,922		N/A	
TOTAL RECEIPTS	5,096,824	5,331,646		6,088,618		7,063,730		N/A	
PERCENTAGE OF LEVY	104.52%	103.42%		106.97%		104.22%		N/A	

Total Percentage Assessed Value Change from 2000/01 to 2002/03[3]	28.35%
Average Percentage Assessed Value Change from 2000/01 to 2002/03[3]	13.29%
Average Receipts as a Percentage of Levy Without Supplementals (1998/99-2001-02)	99.76%
Average Receipts as a Percentage of Levy With Supplementals (1998/99-2001-02)	104.80%

(1) Includes the Harbour Project Area and the Added Areas. The 1995 Area has been excluded since it is below base.
(2) Beginning in 2000-01, the assessed value includes the Added Areas, since this was the first year those areas were eligible to receive tax increment. The percentage increase is overstated because of this and has not been shown
(3) The percentage increase has been shown since 2000-01, since this was when the Added Areas began to receive tax increment.
Source: Fraser & Associates

TABLE 2
Ten Major Property Tax Assessees
Project Area

Assessee	Types of Use	2002-03 Taxable Value[1]	% of Total Value[2]
Dicon Fiberoptics Inc.	Industrial	$74,899,124	7.96%
Security Capital Pacific Trust	Residential	43,687,991	4.64
California Oils Corporation	Industrial	31,866,622	3.39
BP West Coast Products LLC	Industrial	24,383,588	2.59
Tosco Corporation	Industrial	23,558,589	2.50
Richmond Marina Shores II	Residential	23,119,687	2.46
Gillette, Rafanelli & Nahas	Residential	23,016,444	2.45
Harbour Properties LLC	Industrial	20,992,820	2.23
Levin Metals Corporation	Industrial	19,058,489	2.03
Marina Cove Associates	Industrial	19,016,065	2.02
Total Valuation		**$303,599,419**	**32.27%**

[1] Based on ownership of locally-assessed secured and unsecured property.
[2] Based on 2002-03 Merged Project Area taxable value of $940,708,916.
Source: Fraser & Associates.

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TABLE 3
Richmond Redevelopment Agency
Projection of Incremental Tax Revenue
Project Area*
(000's Omitted)

Fiscal Year	Real[1] Property	New[2] Development	Total Real Property	Other[3] Property	Total Value	Value Over Base Of $240,766	Tax[4] Increment	Unitary[5] Revenue	Total Tax Increment Revenue	Property Tax[6] Admin Fee	Housing Set-Aside	AB 1290[7] Tax Sharing Payments	Senior [8] Harbour Debt Service	Pledged Tax Revenues
2002-2003	N/A	N/A	$870,314	$70,395	$940,709	$699,943	$8,025	$35	$8,060	$81	$1,596	$141	$2,337	$3,905
2003-2004	876,320	0	876,320	70,395	946,715	705,949	8,092	35	8,127	81	1,609	155	2,337	3,945
2004-2005	882,217	0	882,217	70,395	952,612	711,846	8,158	35	8,193	82	1,622	168	2,337	3,983
2005-2006	899,862	0	899,862	70,395	970,257	729,491	8,358	35	8,393	84	1,662	209	2,337	4,102
2006-2007	917,859	0	917,859	70,395	988,254	747,488	8,562	35	8,597	86	1,702	250	2,337	4,222
2007-2008	936,216	0	936,216	70,395	1,006,611	765,845	8,771	35	8,806	88	1,744	292	2,337	4,345
2008-2009	954,940	0	954,940	70,395	1,025,336	784,570	8,983	35	9,018	90	1,786	335	2,337	4,471
2009-2010	974,039	0	974,039	70,395	1,044,434	803,668	9,200	35	9,235	92	1,828	379	2,337	4,599
2010-2011	993,520	0	993,520	70,395	1,063,915	823,149	9,421	35	9,456	95	1,872	423	2,337	4,729
2011-2012	1,013,390	0	1,013,390	70,395	1,083,786	843,020	9,646	35	9,681	97	1,917	479	2,337	4,852
2012-2013	1,033,658	0	1,033,658	70,395	1,104,053	863,287	9,876	35	9,911	99	1,962	536	2,337	4,977
2013-2014	1,054,331	0	1,054,311	70,395	1,124,727	883,961	10,110	35	10,145	101	2,009	594	2,337	5,105
2014-2015	1,075,418	0	1,075,418	70,395	1,145,813	905,047	10,349	35	10,384	104	2,056	682	2,337	5,205
2015-2016	1,096,926	0	1,096,926	70,395	1,167,322	926,555	10,593	35	10,628	106	2,104	772	2,337	5,308
2016-2017	1,118,865	0	1,118,865	70,395	1,189,260	948,494	10,841	35	10,876	109	2,153	865	2,337	5,413
2017-2018	1,141,242	0	1,141,242	70,395	1,211,637	970,871	11,095	35	11,129	111	2,204	958	2,337	5,519
2018-2019	1,164,067	0	1,164,067	70,395	1,234,462	993,696	11,353	35	11,388	114	2,255	1,054	2,337	5,628
2019-2020	1,187,348	0	1,187,348	70,395	1,257,744	1,016,978	11,616	35	11,651	117	2,307	1,152	2,337	5,739
2020-2021	1,211,095	0	1,211,095	70,395	1,281,490	1,040,724	11,864	35	11,899	119	2,356	1,249	2,337	5,838
2021-2022	1,235,317	0	1,235,317	70,395	1,305,712	1,064,946	12,140	35	12,175	122	2,411	1,351	2,337	5,955
2022-2023	1,260,024	0	1,260,024	70,395	1,330,419	1,089,653	12,422	35	12,457	125	2,466	1,454	2,337	6,075
2023-2024	1,285,224	0	1,285,224	70,395	1,355,619	1,114,853	12,709	35	12,744	127	2,523	1,560	0	8,533
2024-2025	1,310,929	0	1,310,929	70,395	1,381,324	1,140,558	13,002	35	13,037	130	2,581	1,668	0	8,657

* Excludes the 1995 Area which is below base.

(1) Prior Year Real Property increased by 2 percent per year. Values for 2003-04 and 2004-05 reduced for open appeals.

(2) No New Development included in the analysis.

(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.

(4) Based on the application of Project Area tax rates to the total incremental taxable value.

(5) Based on amount reported by Contra Costa County for 2002-03.

(6) Property tax administration fees are based on 1.14 percent of tax increment, which is the percentage that such fees represented in 1999-2000.

(7) Tax sharing payments per AB 1290.

(8) Maximum annual debt service on the Senior Harbour Bonds.

Source: Fraser& Associates

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report for the Project Area (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated May 16, 2003. The Debt Report is included for general information purposes only. None of the City, the Authority or the Agency have reviewed the Debt Report for completeness or accuracy and makes no representations in connect herewith.

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Richmond Redevelopment Agency
Project Area

Statement of Direct and Overlapping Debt

2002-03 Assessed Valuation:	$1,061,883,753
Base Year Valuation:	361,940,856
Incremental Valuation:	$ 699,942,897

DIRECT DEBT:	% Applicable	Debt 5/1/03
Project 11A 1991 Refunding Tax Allocation Bonds	100. %	$ 1,045,000
Project 11A 1998 Refunding Tax Allocation Bonds	100.	21,747,779
TOTAL DIRECT DEBT		$22,792,779[1]

Ratio to Incremental Valuation: 3.26%

OVERLAPPING TAX AND ASSESSMENT DEBT:		
Contra Costa Community College District	1.077%	$ 538,500
West Contra Costa Unified School District	6.572	14,225,423
East Bay Municipal Utility District	0.348	16,652
East Bay Municipal Utility District, Special District No. 1	0.051	21,282
East Bay Regional Park	0.483	775,118
City of Richmond Community Facilities District No. 1998-1	100.	4,340,000
City of Richmond Harbor Navigation District, I.D. No. 1	72.839	1,362,089
City of Richmond I.D. No. 852	25.074	1,013,475
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$22,292,539
Less: East Bay Municipal Utility District		16,652
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$22,275,887

OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Contra Costa County General Fund Obligations	0.409%	$1,344,424
Contra Costa County Pension Obligations	0.409	2,470,912
Contra Costa County Board of Education Certificates of Participation	0.409	9,816
Alameda-Contra Costa Transit District Certificates of Participation	0.364	81,227
Contra Costa Community College District Certificates of Participation	0.409	5,706
West Contra Costa Unified School District Certificates of Participation	2.752	295,840
City of Richmond General Fund Obligations	5.021	2,571,730
City of Richmond Pension Obligations	5.021	1,489,229
Contra Costa County Mosquito Abatement District Certificates of Participation	0.409	3,333
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT		$8,272,217

GROSS COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	$53,357,535[2]
NET COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	$53,340,883

(1) Excludes the Bonds 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 2002-03 Assessed Valuation:
Gross Combined Total Direct and Overlapping Debt.....5.02%
Net Combined Total Direct and Overlapping Debt.....5.02%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/02: $0

Source: California Municipal Statistics, Inc

PROJECTED DEBT SERVICE COVERAGE

The following projected debt service coverage table presents the Pledged Tax Revenues, the 2000A Guaranty Payments, debt service on the Bonds and the debt service coverage ratio. There are no assurances that actual Pledged Tax Revenues will be equal to the amounts projected. See "BOND OWNERS' RISKS" herein.

TABLE 7
Richmond Joint Powers Financing Authority
Pledged Tax Revenues
Projected Debt Service Coverage

Fiscal Year	Pledged Tax Revenues	2000A Guaranty Payments	Series A Bonds Debt Service	Series B Bonds Debt Service	Total Debt Service	Total Debt Service Coverage
2002-2003	$3,905,000	$234,000	--	--	--	--
2003-2004	3,945,000	210,000	$782,057	$750,556	$1,532,612	2.44
2004-2005	3,983,000	184,000	773,463	742,308	1,515,771	2.51
2005-2006	4,102,000	161,000	773,463	742,308	1,515,771	2.60
2006-2007	4,222,000	133,000	773,463	742,308	1,515,771	2.70
2007-2008	4,345,000	109,000	1,198,463	1,097,308	2,295,771	1.85
2008-2009	4,471,000	80,000	1,200,713	1,097,540	2,298,253	1.91
2009-2010	4,599,000	56,000	1,201,413	1,096,001	2,297,414	1.98
2010-2011	4,729,000	34,000	1,200,488	1,092,598	2,293,086	2.05
2011-2012	4,852,000	7,000	1,201,688	1,097,438	2,299,126	2.11
2012-2013	4,977,000	0	1,202,088	1,095,041	2,297,128	2.17
2013-2014	5,105,000	0	1,200,413	1,095,966	2,296,379	2.22
2014-2015	5,205,000	0	1,202,888	1,093,424	2,296,312	2.27
2015-2016	5,308,000	0	1,197,913	1,094,417	2,292,330	2.32
2016-2017	5,413,000	0	1,202,038	1,093,652	2,295,690	2.36
2017-2018	5,519,000	0	1,199,813	1,096,129	2,295,942	2.40
2018-2019	5,628,000	0	1,540,675	1,206,555	2,747,230	2.05
2019-2020	5,739,000	0	1,538,175	1,210,250	2,748,425	2.09
2020-2021	5,838,000	0	1,538,050	1,210,795	2,748,845	2.12
2021-2022	5,955,000	0	1,540,038	1,208,190	2,748,228	2.17
2022-2023	6,075,000	0	1,538,875	1,207,435	2,746,310	2.21
2023-2024	8,533,000	0	2,615,600	1,808,215	4,423,815	1.93
2024-2025	8,657,000	0	2,613,400	1,812,415	4,425,815	1.96

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BOND OWNERS' RISKS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating a purchase of the Bonds. However, they do not constitute an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following information are presented is not intended to reflect the relative importance of any such risks.

Concentration of Tax Base

A significant portion of the assessed value in the Project Area is attributable to relatively few assessees. In such an area, the failure or financial difficulty of one or more of such large developments could have a significant detrimental impact on their assessed value and consequently on the amount of the tax increment revenues allocable to the Project Area available to secure the Loan. See "PROJECTED DEBT SERVICE COVERAGE."

Estimates of Tax Increment Revenues

In estimating that the total tax increment to be received by the Agency will be sufficient to pay debt service on the Loan, the Agency and the Consultant relied on actual historical tax increment and made certain assumptions with regard to future assessed valuations in the Project Area, future tax rates and the percentage of taxes collected and the outcome of assessment appeals. See "THE PROJECT AREA – The Project Area" and "APPENDIX G." The Agency and the Consultant believe these assumptions are reasonable, but there is no assurance that these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the total tax increment available to pay debt service on the Loan will be reduced. Such reduced tax increment may be insufficient to provide for the payment of debt service on the Loan and hence the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Appeals and Other Reductions to Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. Assessment appeals may have a significant impact on the taxable value of property and therefor the tax increment revenue allocable to a project area.

In the County, a property owner desiring to reduce the assessed value of such property in any one year must submit an application to the Contra Costa County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of the application by the County Assessor's Office (the "Assessor"), the Assessor may (i) reduce the assessment through a roll correction, (ii) offer the property owner the opportunity to stipulate to a reduced assessment or (iii) confirm the assessment. In the County, any appeals where the difference between the current assessed value and the applicant's opinion of value is less than $1 million is handled administratively without a hearing before the Appeals Board. For appeals in this category, the Assessor's office staff may confirm or reduce the assessment with a roll correction. The applicant is notified of the results of the Assessor's action and requested to withdraw the appeal. The roll correction can either be a base year reduction where the value will not be reassessed until the property is sold or a reduction in value which can be reversed once the conditions creating the reduction (recession, property condition) have been remedied. If the applicant does not agree with the decision of the Assessor's office staff, the applicant can pursue the appeal before the Appeals Board for a hearing and decision. The Appeals Board

is generally required to determine the outcome of appeals within two years of the appeal filing date. The Appeals Board can confirm or reduce the assessment with a roll correction in the manner described above or agree to review the appeal within the two year time period.

Due to the impact that assessment appeals can have on the taxable values and tax increment revenues of a project area, a review of recently resolved and open appeals was conducted by the Consultant. The review revealed open appeals in the Project Area, as shown on the table below.

Open Appeals

Assessee	Roll Value	Estimated Resolved Value	Value Reduction
Catellus Development[(1)]	$24,748,689	$20,541,412	$4,207,277
Dicon Fiberoptics Inc.	74,899,124	62,166,273	12,732,851
Cemex / USA	2,359,053	1,958,014	401,039
FMC Corporation	1,916,950	1,591,069	325,882
Home Depot USA Inc.	9,869,322	8,191,537	1,677,785
CitiCorp North America I	831,288	689,969	141,319
Target Corp	14,790,000	12,275,700	2,514,300
Fadelli, Andrew	2,080,799	1,727,063	353,736
Total	**$131,495,225**	**$109,141,037**	**$22,354,188**

(1) Includes open appeals from 2001-02.

The Consultant has estimated the potential impact of the open appeals based on success factor ratios over the past three fiscal years in the Project Area. On average, 41 percent of applicants have been successful with appeals and have received a 40 percent reduction in value. Based on these success ratios, the Consultant has assumed a 17 percent decrease in value and a reduction in future taxable values in the Project Area by $22.4 million.

The County does not allocate refunds attributable to assessment appeals to redevelopment project areas. Therefore, the Consultant not reduced tax increment revenues for the impact of refunds.

In determining tax increment projections, the Consultant reduced taxable values in the Merged Project Area to account for the impact of open appeals in the 2003-04 and 2004-05 fiscal years. For additional information regarding assessment appeals, see APPENDIX G hereto.

Bankruptcy and Foreclosure

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

In addition, although bankruptcy proceedings would not cause *ad valorem* property taxes to become extinguished, bankruptcy of a property owner in the Merged Project Area could result in a delay in prosecuting superior court foreclosure proceedings of delinquent property and, in the absence of the Teeter Plan, could result in a delay in the receipt by the Agency of Pledged Tax Revenues. Such a delay, in the absence of the Teeter Plan, would increase the possibility of a delay or default in payment of the principal of and interest on the Bonds.

Investment Risk

All funds held under the Trust Agreement are required to be invested in Permitted Investments as provided under the Trust Agreement. See Appendix B attached hereto for a summary of the definition of Permitted Investments. The Special Fund, into which all Pledged Tax Revenues are initially deposited, may be invested by the Agency in Permitted Investments. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Trust Agreement or the Special Fund could have a material adverse affect on the security for the Bonds.

Development Risks

The Agency's ability to make payments on the Loan will be dependent upon the economic strength of the Merged Project Area. The general economy of those areas will be subject to all the risks generally associated with real estate development projects. Projected development within the areas may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the areas could be adversely affected by future governmental policies, including governmental policies to restrict or control development. In addition, if there is a decline in the general economy of the areas, the owners of property within the areas may be less able or less willing to make timely payments of property taxes causing a delay or cessation in receipt of tax revenues by the Agency.

Earthquake Risks

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 Merged Project Area. The most recent major earthquake was the 1989 Loma Prieta earthquake with a magnitude of 7.1 on the Richter scale. The epicenter was near Santa Cruz, approximately 65 miles south of the City. In addition to the San Andreas Fault, faults that could affect the Merged Project Area include the Hayward Fault and the Calaveras Fault in the central and eastern portions of Alameda County. 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 stoppage of receipt of tax increment revenues by the Agency.

Significant portions of the Harbour Project Area 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 this project area could sustain damage in a major seismic event from ground motion and liquefaction of underlying soils. This could result in a substantial reduction or suspension of receipt of tax increment revenues by the Agency from these areas.

Brownfields

Development in certain of the project areas is complicated by the presence or perceived presence of contaminants. These areas of contamination or suspected contamination are often referred to as "brownfields." The Agency has initiated a toxic remediation program, the goal of which is to convert brownfields into viable sites for development. For example, the Marina Bay development is a successful conversion of a brownfield area into vibrant commercial and residential development. However there can be no guarantee that similar efforts in other project areas will be successful. If hazardous substances cannot be removed or sufficiently remediated in a cost effective manner, the development proposed for a particular project area may never be realized and the Agency may not receive any tax increment revenues from such project area(s).

Levy and Collection of Taxes

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the Loan and on the Authority to pay debt service on the Bonds. In addition, the impact of bankruptcy proceedings on the legal ability of taxing agencies to collect property taxes could have an adverse effect on the Agency's ability to make timely Loan Payments.

Reductions in Inflationary Rate

Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a two percent (2%) increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. For 2002-03 and future fiscal years, the Consultant used a 2% inflation factor increase real property values in the Project Area. The 2% factor is the maximum inflation factor that county assessor can use to increase real property values. In certain fiscal years, the inflation factor for certain constituent project areas has been less than 2% overall. Should inflation not reach 2% in the future, tax increment could be lower than projected for the Project Area. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.

State Budget

Faced with a projected $34.6 billion budget gap for fiscal year 2002-03, the State Legislature adopted as urgency legislation AB 1768, effective on September 30, 2002, which requires redevelopment agencies to pay into the Education Revenue Augmentation Fund ("ERAF") in fiscal year 2002-03 an aggregate amount of $75 million. AB 1768 requires the payment into ERAF in fiscal year 2002-03 only. Historically, an ERAF was established in connection with the Legislature's approval of State budgets for the 1992-93, 1993-94 and 1994-95 fiscal years. In such connection, legislation was enacted that, among other things, reallocated funds from redevelopment agencies to school districts by shifting a portion of each agency's tax increment, net of amounts due to other taxing agencies, to school districts for such fiscal years for deposit in the ERAF. The amount required to be paid by a redevelopment agency under such legislation was apportioned among all of its redevelopment project areas on a collective basis, and was not allocated separately to individual project areas.

AB 1768 provides that one-half of the Agency's ERAF obligation is calculated based on the gross tax increment received by the Agency and the other one-half of the Agency's ERAF obligation is calculated based on net tax increment revenues (after any pass-through payments to other taxing entities).

The Agency's contribution in fiscal year 2002-03 is $360,210, which the Agency has paid on May 10, 2003. The Agency's ERAF obligation in fiscal year 2002-03 will not impair the Agency's ability to pay debt service on the Bonds. The Agency cannot predict whether the State Legislature will enact legislation requiring deposits into ERAF in future years.

On January 10, 2003, the Governor introduced the proposed 2003-04 State Budget. In order to close the projected $34.6 billion budget shortfall in fiscal years 2002-03 and 2003-04 combined, the proposed 2003-04 State Budget consists of substantial cuts and reductions, tax increases, state-local program realignment, fun shifts, transfers/other revenues, and loans and borrowings. The Governor proposed, among other things, to transfer certain unencumbered Low and Moderate Housing Fund monies from every redevelopment agency in the State to the General Fund of the State. This proposal has been rejected by the State Senate, but it is possible that the final adopted 2003-04 State Budget will contain other shifts of funds from redevelopment agencies to the State. (For general discussion of the Low and Moderate Income Housing Fund, see "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – Low and Moderate Income Housing Fund" below).

On May 14, 2003, the Governor released updated projections of State revenues and expenditures and a revision of the initial proposed 2003-04 State Budget (the "May Revision"), which increased the cumulative budget shortfall to $38.2 through fiscal year 2003-04. The May Revision proposes to close this gap with a total of $18.9 billion in cuts and savings, $6.9 billion in fund shifts, transfer and loans, $1.7 billion in program realignments to local government and $10.7 billion in deficit financing. The May Revision does not address the Governor's January proposal to transfer certain unencumbered Low and Moderate Housing Fund monies from redevelopment agencies in the State to the General Fund of the State. Although the Agency's Low and Moderate Income Housing Fund monies do not secure repayment of the Bonds and no specific proposals as to tax increment revenues have as yet been presented, the Agency cannot predict the impact current and future State fiscal shortfalls will have on Tax Increment Revenues.

On July 27, 2003, the State Senate passed a budget bill which provides for a one-time ERAF payment by redevelopment agencies in the aggregate amount of $250 million statewide in fiscal year 2003-04. The provisions of this ERAF payment are substantially the same as the provisions for the 2002-03 ERAF payment described above. The State Assembly, on July 29, 2003, adopted its own version of the budget which calls for a $135 million statewide ERAF shift in 2003-04, again with similar provisions to the 2002-03 ERAF payment described above. On August 19, 2003, the State Senate reconciled the two versions and approved a $135 million statewide ERAF shift in 2003-04, which has been transmitted to the Governor for signature. Under the reconciled version, the Agency's share of the payment is estimated to be approximately $650,000, but the final amount will not be determined until the State Controller makes certain calculations that are required to be completed in October of this year. The Agency expects to make this payment from existing cash reserves and tax increment revenue, and the Agency does not believe these payments will adversely affect its ability to pay debt service on the Bonds. The reconciled version adopted by the Senate does not call for any transfer of low- and moderate-income housing funds from redevelopment agencies. There can be no assurances that the State will not continue to experience budget gaps or that the State will require further ERAF shifts in future years.

Information about the State budget and State spending is regularly available at various State-maintained websites. Text of the budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

Parity Debt

As described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Issuance of Parity Debt," the Agency may issue or incur obligations payable from Pledged Tax Revenues on a parity with its pledge of Pledged Tax Revenues to payment of debt service on the Bonds. The existence of and the potential for such obligations increases the risks associated with the Agency's payment of debt service on the Bonds in the event of a decrease in the Agency's collection of Pledged Tax Revenues.

Changes in the Law

In addition to the other limitations on tax revenues described herein under "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" the California electorate or Legislature could adopt a constitutional or legislative change that decreases property taxes or the amount thereof allocable to the Agency with the effect of reducing tax revenues payable to the Agency. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could reduce such tax revenues and adversely affect the security for the Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition and/or other amounts.

LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS

Article XIIIA of the California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as Proposition 13) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value', or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, a reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIIIA. Proposition 58 amends Article XIIIA to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children.

Proposition 60 amends Article XIIIA to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, and to transfer the old residence's assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

Challenges to Article XIIIA. On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (Amador Valley Joint Union High School District v. State Board of Equalization). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases. Since 1978, several cases have been decided interpreting various provisions of Article XIIIA; however, none of them have questioned the ability of redevelopment agencies to use tax allocation financing. The United States Supreme Court upheld the validity of the assessment procedures of Article XIIIA in Nordlinger v. Hahn.

The Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Agency's receipt of Pledged Tax Revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation. Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1.00 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility property assessed by the State Board of Equalization. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Litigation Relating to Property Assessments. On December 27, 2001, the Orange County Superior Court, in the case of County of Orange v. Orange County Assessment Appeals Board No. 3, case no. 00CC03385, ruled that where a home's market value did not increase for two years due to a flat real estate market, the Orange County assessor violated the provision of Article XIII A limiting the annual inflation adjustment to two percent when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by approximately four percent in a single year. The assessors in most California Counties, including County of Contra Costa, use a similar methodology in raising the taxable values of property beyond two percent in a single year, and the State Board of Equalization has approved this methodology for increasing assessed values in similar circumstances. On December 12, 2002, the

court certified the case for class action status, with the class being all similarly affected owners of real property in Orange County. On January 30, 2003, the court ruled that the County's Treasurer-Tax Collector is required to send refund notices to all of the owners of real property within Orange County. However, the court's order has been put on hold pending appeal, which was filed by the county assessor on June 12, 2003. This case will go the State 4th District Court of Appeal, and if it is upheld on appeal, the decision could have far-reaching implications for the property tax system in California. The Agency is unable to predict the outcome of this litigation and what effect, if any, it might have on assessed values in the Merged Project Area and on the Agency's property tax revenues.

Article XIIIB of the California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIIIB to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990 respectively, substantially modify Article XIIIB. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The initial version of Article XIIIB provided that the "base year" for establishing an appropriations limit was the 1978-79 fiscal year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in fiscal year 1990-91, each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitation of a local government under Article XIIIB generally include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to, all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State.

As amended by Proposition 111, Article XIIIB provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIIIB provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs.

Effective September 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of such agency within the meaning of Article XIIIB, nor shall such portion of taxes be deemed receipt of the proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678. The constitutionality of Section 33678 has been upheld in two California appellate court decisions, Brown v. Community Redevelopment Agency of the City of Santa Ana and Bell Community Redevelopment Agency v. Woosley. The plaintiff in Brown v. Community Redevelopment Agency of the City of Santa Ana petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding.

Articles XIIIC and XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which contain a number of provisions affecting the ability of local entities of government to levy and collect both existing and future taxes, assessments, fees and charges. Article XIIIC to the State Constitution provides that any tax assessment or charge may be repealed by the State's initiative process. However, since the Bonds are not payable from or secured by any such sources of revenue, Proposition 218 does not affect the issuance or sale of, or the security for, the Bonds.

Proposition 87

On November 8, 1988 the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on bonded indebtedness approved by the voters of the taxing entity after January 1, 1989 will be allocated to the taxing entity and not to the redevelopment agency. Because this provision is not retroactive, the Agency does not believe the provisions of Proposition 87 can have a material adverse effect on the ability of the Agency to pay debt service on the Bonds.

Further Initiatives

Article XIIIA, Article XIIIB and certain other propositions affecting property tax levies were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting the Pledged Tax Revenues or the Agency's ability to expend revenues.

Property Tax Collection Procedures

Classifications. In California, property that is subject to *ad valorem* taxation is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax that becomes a lien on secured property has priority over all other liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes that are delinquent.

Delinquencies. Except for property assessed by the State, the valuation of property is determined as of January l each year and equal installments of taxes levied upon secured property become delinquent after the following December 10 and April 10. Taxes on unsecured property are due January 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 at 5:00 p.m. and are subject to penalty; unsecured taxes added to roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Current tax payment practices by the County provide for payment to the Agency of tax revenues on a semiannual basis. Tax increment is allocated to the Agency based on one hundred percent (100%) of the calculated tax levy.

Penalty. A ten percent (10%) penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent are declared in default with respect to such property on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a $15 Redemption. Because the County allocates property taxes to the Agency based on one hundred percent (100%) of the tax levy, the County retains all such penalties and interest. See "– County Tax Loss Reserve Fund (Teeter Plan)" herein.

County Tax Loss Reserve Fund (Teeter Plan). The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code and has created a tax loss reserve fund (the "Tax Loss Reserve Fund"). Under the Teeter Plan, each participating local agency levying property taxes in the County receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency.

The Contra Costa County Auditor Controller reports that, to date, the Tax Loss Reserve Fund has proved adequate to meet all tax and special assessment delinquencies, with the effect that, each year, the City has received the full amount of taxes levied and assessment installments posted to the tax bill. There can be no guarantee, however, that the County Tax Loss Reserve Fund will continue to be sufficient to meet such delinquencies in the future. The County has the power to unilaterally discontinue the Teeter Plan on a countywide basis with respect to one or more categories, including general taxes, special taxes or special assessment installments. The Teeter Plan may also be discontinued by petition of two-thirds (2/3) of the participant taxing agencies.

Supplemental Assessments. A bill enacted in 1983, Senate Bill ("SB") 813 (Chapter 498, Statutes of 1983) provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction after the January 1 tax lien date. SB 813 may provide increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within the Project Area, tax revenues may increase.

Filing of Statement of Indebtedness. Under the Redevelopment Law, the Agency must file a statement of indebtedness for the Project Area with the County Auditor not later than the first day of October of each year. As described below, the statement of indebtedness controls the amount of tax increment which will be paid to the Agency in each fiscal year.

Each statement of indebtedness is filed on a form prescribed by the State Controller and specifies, among other matters, (i) the total amount of principal and interest payable on all loans, advances or indebtedness (including the Bonds and all Parity Obligations) (the "Debt"), both over the life of the Debt and for the current fiscal year, and (ii) the amount of "available revenue" as of the end of the previous fiscal year. "Available revenue" is calculated by subtracting the total payments on Debt during the previous fiscal year from the total revenues (both tax increment and other revenues) received during the previous fiscal year, plus any carry forward from the prior fiscal year. Available revenues include amounts held by the Agency and irrevocably pledged to the payment of Debt, but do not include amounts in the Low and Moderate Income Housing Fund.

The County Auditor may only pay tax increment to the Agency in any fiscal year to the extent that the total remaining principal and interest on all Debt exceeds the amount of available revenues as shown on the statement of indebtedness.

The statement of indebtedness constitutes prima facie evidence of indebtedness of the Agency; however, the County Auditor may dispute the statement of indebtedness in certain cases. Section 33675 of the Redevelopment Law provides for certain time limits controlling any dispute of the statement of indebtedness, and allows a Superior Court determination of such dispute in the event it cannot be resolved by the Agency and the County. Any such action may only challenge the amount of the Debt as shown on the statement, and not the validity of any Debt or related contract or the expenditures related thereto. No challenge can be made to payments to a trustee in connection with a bond issue or payments to a public agency in connection with payments by that public agency with respect to a lease or bond issue.

Property Tax Administrative Charges. In 1990, the State Legislature enacted SB 2557 (Chapter 466, Statutes of 1990), now codified in Section 97.5 of the California Revenue and Taxation Code, which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Subsequent legislation clarified that the provisions of SB 2557 include redevelopment agencies as a local government agency which must pay such administrative costs. Since the enactment of SB 2557, the Agency has had its tax increment reduced by the County for its pro rata share of property tax administrative costs. The estimated SB 2557 charges to the Agency attributable to the Project Area for fiscal year 2002-03 is $80,600, which is one percent (1%) of fiscal year 2002-03 revenues.

Unitary Property

AB 2890 (Chapter 1457, Statutes of 1986) provides that, commencing with the 1988-89 fiscal year, assessed value derived from State assessed unitary property county wide is to be allocated as follows: (1) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (2) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State assessed property is changed from March 1 to January 1.

AB 454 (Chapter 921, Statutes of 1987) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State assessed unitary property, except for railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited. The intent of

Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenues generated from the property assessed by the State Board of Equalization and administrative procedures have been determined by the County Auditor to implement the legislation.

AB 454 provided that revenues derived from Unitary Property, commencing with the 1988-89 fiscal year, will be allocated as follows: (1) for revenues generated from the one percent tax rate, (a) each jurisdiction, including project areas, will receive a percentage up to 102 percent of its prior year State-assessed unitary revenue; and (b) if countywide revenues generated from Unitary Property are greater than 102 percent of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenues by a specified formula and (2) 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. This provision applies to all Unitary Property except railroads whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the method of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Litigation contesting the State Board of Equalization's procedures in determining the valuation of the seven largest utilities in the State has resulted in a stipulation between the State Board of Equalization and the utilities. According to the terms of the settlement, the valuations of the seven largest utilities declined by a total of 10.5%, and were phased in over a three year period.

The County Auditor has estimated that the Agency is qualified to receive approximately $34,700 of allocable tax revenues in fiscal year 2002-03 from unitary property tax revenues. To the extent unitary values decrease county-wide, the Agency's allocable tax revenues resulting from unitary assessments can be expected to decrease.

Low and Moderate Income Housing Fund

Pursuant to the Redevelopment Law, the Agency is generally required to set aside 20% of all tax increment received annually in a Low and Moderate Income Housing Fund to be used within the jurisdiction of the Agency to increase and improve the supply of low and moderate income housing. However, as provided in the Redevelopment Law, an agency may deposit less than the amount required under said section into a Low and Moderate Income Housing Fund if the agency makes a finding with respect to one or more of the following: (i) that no need exists in the community to improve or increase the supply of low and moderate income housing in a manner which would benefit the applicable project area, and that the finding is consistent with the housing element of the community's general plan required by the California Government Code; or (ii) that some stated percentage less than 20% of the taxes which are allocated to the agency pursuant to Section 33670 of the Redevelopment Law is sufficient to meet the housing needs of the community and that the finding is consistent with the housing element of the community's general plan required by the California Government Code.

For certain prior fiscal years, the Agency made one or more of the findings described above and determined that less than the full 20% of tax increment was required to be deposited into the Low and Moderate Income Housing Fund. An internal accounting performed by Agency staff in October 1997 indicated that for fiscal years 1993-94 through 1996-97 the Agency deposited less than the full amount required to be deposited into the Low and Moderate Income Housing Fund for all Agency project areas

pursuant to the Redevelopment Law. Agency staff has certified, however, that expenditures from tax increment revenues for qualified low and moderate income housing purposes were made during those years which were not recorded in the Low and Moderate Income Housing Fund. In addition, the Agency transferred cash into the Low and Moderate Income Housing Fund from other Agency accounts representing certain prior year amounts which should have been recorded in the Low and Moderate Income Housing Fund during those years. The Agency treats those expenditures and transfers as if they were recorded in the Low and Moderate Income Housing Fund and has certified that no shortfall currently exists in the Low and Moderate Income Housing Fund. See however, the auditor's findings set forth in "APPENDIX H – Audited Financial Statements of the Agency for the Fiscal Year Ending June 30, 2002" and "THE AGENCY – Financial Statements." These findings were made pursuant to the Redevelopment Law which was amended in 1999 to include the requirement that, as a part of the Agency's annual audit, the legislative body be informed of any major violations of the Redevelopment Law. Major violations include failure to: i) file an independent financial audit and fiscal statement; ii) establish time limits for each project area; iii) establish a low and moderate income housing fund and accrue interest to the fund; iv) initiate development of housing on real property acquired from moneys on deposit in the low and moderate income housing fund; and v) adopt an implementation plan.

The Agency's 1998-99 financial audit contained findings of possible major violations. On August 10, 2000, the California Attorney General's Office issued a letter stating that the Agency had submitted additional documentation to the State Controller's Office relating to the audit findings. Based on that documentation, the Attorney General confirmed that the Agency was in substantial compliance with the Redevelopment Law and that no major violations exist.

The Agency expects to continue to deposit the full 20% of tax increment into the Low and Moderate Income Housing Fund. The Redevelopment Law allows the Agency to make its required Low and Moderate Income Housing Fund deposits from any project area and does not require that each individual project area contribute its share of the requirement so long as in total the requirement is met. The Agency will make the 20% deposit from its project areas in the aggregate, but not necessarily on the basis of 20% from each individual project area. However, for purposes of projection of tax increment with respect to the Merged Project Area, the Consultant has assumed that the full 20% will be paid out of the tax increment generated in the Merged Project Area. The amount the Agency expects to deposit into the Low and Moderate Income Housing Fund is estimated to be $1,595,801. See "APPENDIX G – FISCAL CONSULTANT REPORT."

Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290)

AB 1290, among other things added Sections 33607.5 and 33607.7 to the Redevelopment Law. Section 33607.5, as subsequently amended, applies to redevelopment project areas that are adopted on or after January 1, 1994, or are amended on or after January 1, 1994 to include new territory. If the statutory payment requirements are triggered by an amendment to include new territory, the payments are required only with respect to the new territory. Commencing with the first fiscal year in which a redevelopment agency receives tax increments from an affected redevelopment project area and continuing through the last fiscal year in which the redevelopment agency receives such tax increments, a redevelopment agency is required to pay to the affected taxing entities, including the community that has adopted the redevelopment project area if the community elects to receive a payment, an amount equal to 25 percent of the tax increments received by the redevelopment agency after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted. Commencing with the 11th fiscal year in which the redevelopment agency receives such tax increments and continuing through the last fiscal year in which the redevelopment agency receives such tax increments, the redevelopment agency is required to pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid as described in the preceding sentence and after deducting the amount

allocated to the Low and Moderate Income Housing Fund, an amount equal to 21 percent of the portion of tax increments received by the redevelopment agency, which is calculated by applying the tax rate against the amount of assessed value by which the then current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the redevelopment project area in the 10th fiscal year in which the redevelopment agency receives affected tax increment revenues. Finally, commencing with the 31st fiscal year in which the redevelopment agency receives tax increments and continuing through the last fiscal year in which the redevelopment agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, other than the community which adopted the project, in addition to the amounts paid pursuant to the previously described provisions, and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 14 percent of the portion of tax increments received by the redevelopment agency, which is calculated by applying the tax rate against the amount of assessed value by which the then current year assessed value exceeds the second adjusted base year assessed value. The second adjusted base year assessed value is the assessed value of the project area in the 30th fiscal year in which the redevelopment agency receives affected tax increments.

Section 33607.7 generally makes the requirement of payments of tax increment by a redevelopment agency to affected taxing entities applicable to redevelopment project areas for which the redevelopment plan is amended on or after January 1, 1994, to increase the limitation on the number of dollars to be allocated to the redevelopment agency or the time limit on loans, advances, and indebtedness established pursuant to certain provisions of the Redevelopment Law or that lengthens the period during which the redevelopment plan is effective unless the redevelopment agency and the affected taxing entity had prior to January 1, 1994, entered into an agreement requiring payments from the redevelopment agency to the affected taxing entity. The amount to be paid by the redevelopment agency is calculated by the amount of assessed value by which the then current year assessed value exceeds an adjusted base year assessed value. The adjusted base year assessed value is the assessed value of the project area in the year in which the limitation amended would have taken effect without the amendment or, if more than one limitation is amended, the first year in which one or more of the limitations would have taken effect without the amendment. The redevelopment agency is required to commence making payments in the first fiscal year following the fiscal year in which the adjusted base year value is determined.

Section 33607.5 permits a redevelopment agency to subordinate the payments required to be paid to an affected taxing entity to loans, bonds, or other indebtedness of the redevelopment agency, except loans or advances from the community which adopted the redevelopment project area, if the redevelopment agency obtains the consent of the affected taxing entity prior to incurring such indebtedness. The Agency's payments under Sections 33607.5 and 33607.7 have not been subordinated to the Agency's obligations under the Loan Agreement.

Pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, a total of $141,247 is estimated to be deducted from the Agency's fiscal year 2002-03 gross tax increment. See "APPENDIX G – FISCAL CONSULTANT REPORT."

SB 211

The California Legislature recently enacted SB 211, Chapter 741, Statutes 2001, effective January 1, 2002 ("SB 211"). SB 211 provides, among other things, that, at anytime after January 1, 2002, the limitation on incurring indebtedness contained in a redevelopment plan adopted prior to January 1, 1994, may be deleted by ordinance of the legislative body. However, such deletion will trigger statutory tax sharing with those taxing entities that do not have tax sharing agreements. Tax sharing will be calculated based on the increase in assessed valuation after the year in which the limitation would otherwise have become effective.

SB 211 also authorizes the amendment of a redevelopment plan adopted prior to January 1, 1994, in order to extend for not more than 10 years the effectiveness of the redevelopment plan and the time to receive tax increment revenues and to pay indebtedness. Any such extension must meet certain specified requirements, including the requirement that the redevelopment agency establish the existence of both physical and economic blight within a specified geographical area of the redevelopment project and that any additional tax increment revenues received by the redevelopment agency because of the extension be used solely within the designated blighted area. SB 211 authorizes any affected taxing entity, the Department of Finance, or the Department of Housing and Community Development to request the Attorney General to participate in the proceedings to effect such extensions. It also would authorize the Attorney General to bring a civil action to challenge the validity of the proposed extensions.

SB 211 also prescribes additional requirements that a redevelopment agency would have to meet upon extending the time limit on the effectiveness of a redevelopment plan, including requiring an increased percentage of new and substantially rehabilitated dwelling units to be available at affordable housing cost to persons and families of low or moderate income prior to the termination of the effectiveness of the plan.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series A 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. Bond Counsel is of the further opinion that interest on the Series A 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. Interest on the Series B Bonds is not excluded from gross income for federal income tax purposes but, in the opinion of Bond Counsel, is exempt from State of California personal income taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

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

Series A Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at the 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 purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various requirements that must be met in order for interest on the Series A Bonds to be excluded from gross income for federal income tax purposes. The Authority and the Agency have made representations related to certain of these requirements and have covenanted to comply with certain of these requirements. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series A 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) after the date of issuance of the Series A Bonds may adversely affect the value of, or the tax status of the interest on, the Series A Bonds.

Certain requirements and procedures contained or referred to in the Trust Agreement, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series A Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

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

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Series A Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Series A Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Series A Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service ("IRS"), including but not limited to regulation, ruling, or selection of the Series A Bonds for audit examination, or the course or result of any IRS examination of the Series A Bonds, or obligations which present similar tax issues, will not affect the market price for the Series A Bonds.

NO LITIGATION

There is no litigation, now pending or, to the best knowledge of the Authority, threatened to restrain or enjoin the execution or delivery of the Bonds, the Trust Agreement or the Loan Agreement or in any way questioning or affecting the validity of the foregoing or any of the proceedings for the authorization, sale, execution or delivery of the Bonds.

UNDERWRITING

RBC Dain Rauscher Inc., as underwriter (the "Underwriter"), has agreed to purchase the Series A Bonds at a purchase price of $15,976,660.85, which represents the par amount of the Series A Bonds, plus original issue premium of $49,420.85, less an underwriting discount of $152,760.00. The Underwriter has agreed to purchase the Series B Bonds at a purchase price of $12,381,250.00, which represents the par amount of the Series A Bonds, less an underwriting discount of $118,750.00.

The agreement pursuant to which the Underwriter purchased the Bonds provides that all of the Bonds must be if any of the Bonds are purchased. The obligations of the Underwriter to make such purchases are subject to certain terms and conditions. The Underwriter may offer and sell the Bonds to certain dealers and others at prices different from the prices stated on the inside cover page of Official Statement. The offering prices may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The Agency has covenanted on behalf of the Authority for the benefit of the Bondholders to provide certain financial information and operating data relating to the Agency by not later than 270 days after the end of the Agency's fiscal year (presently June 30) in each year commencing with its report for the 2002-03 fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Agency or the Dissemination Agent, if any, on behalf of the Agency with each Nationally Recognized Municipal Securities Information Repository and each State repository, if any. The notices of material events will be filed by the Agency or the Dissemination Agent, if any, on behalf of the Agency with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriters to comply with Securities and Exchange Commission Rule 15c2-12(b)(5). The specific nature of the information to be contained in the Annual Report or the notices of material events by the Agency is summarized in "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT." The Agency has not defaulted on its obligation to provide continuing disclosure about the Agency or any material events affecting its bonds under any existing Continuing Disclosure Agreement to which it is a party.

APPROVAL OF LEGALITY

Certain legal matters incident to the issuance of the Bonds will be approved by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, as Bond and Disclosure Counsel. Certain legal matters incident to the issuance of the Bonds will be passed upon for the Agency, the Authority and the City by Wayne Nishioka, the Acting City Attorney of the City of Richmond. Bond Counsel, Agency Counsel and Disclosure Counsel undertake no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

RATINGS

Standard & Poor's Ratings Services ("S&P") and Fitch, Inc. ("Fitch") have assigned the Bonds the ratings of "AAA" and "AAA," respectively, with the understanding that upon the delivery of the Bonds, the financial guaranty insurance policies will be issued by the Insurer. The Bonds have received an underlying rating of "A-" from S&P. Certain information was supplied to the rating agencies by the City and the Agency to be considered in evaluating the Bonds. The ratings issued reflect only the views of such rating agencies, and any explanation of the significance of such ratings should be obtained from S&P or Fitch. No assurance can be given that any rating issued by a rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency,

if in its judgment circumstances so warrant. Any such revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

MISCELLANEOUS

All summaries contained herein of the Trust Agreement, the Loan Agreement, applicable legislation, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority or the Agency for further information in connection therewith. The Agency shall provide, upon request, annual audited financial statements when available.

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the Bond Owners or Beneficial Owners.

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The execution and delivery of this Official Statement has been duly authorized by the Authority and the Agency.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By: /s/ Jay M. Corey
Treasurer/Auditor

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APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF RICHMOND

General

The City of Richmond, California (the "City"), 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 and San Pablo Bay. The City is an important oil refining, industrial, commercial, transportation, shipping and government center. An active redevelopment program in the downtown and waterfront areas and commercial expansion in the City's Hilltop area, along the I-80 and I-580 Interstate Freeway corridors, and along the new Richmond Parkway, are adding substantially to the tax base.

Population

According to the 2000 U.S. Census, the City's population as of April 1, 2000 was 99,216. This is an increase of approximately 13% from the 1990 U.S. Census. The table below shows population data for the City and County as reported for the most recent U.S. Census periods and subsequent State estimates. The City's steady population rise since 1980 is due chiefly to the large number of new homes that have been built, principally in the El Sobrante, Hilltop, Brickyard Cove, Marina Bay, and City Center/Downtown areas.

POPULATION
CITY AND COUNTY

Census Year	City of Richmond	Contra Costa County
1940	23,642	100,000
1950	99,545	298,984
1960	71,854	409,030
1970	79,043	556,116
1980	74,676	657,252
1990	87,425	803,732
2000	99,216	948,816

Source: U.S. Census Bureau.

CITY AND COUNTY POPULATIONS 1999-03
STATE ESTIMATES
(rounded to nearest hundred)

Census Year	City of Richmond	Contra Costa County
1999	93,800	916,400
2000	99,216	948,816
2001	100,300	964,400
2002	101,000	980,900
2003	101,400	994,900

Source: California Department of Finance, Demographic Research Unit.

The City estimates that it had 36,099 housing units as of January 1, 2003. This represents a 4.5% overall increase in the City's housing stock over the 1990 Census number. Single family detached homes were estimated to be 56% of the total units as of January 1, 2003.

The 2002 Survey of Buyer Power (Sales & Marketing Management and Media Markets) estimated median household effective buying income (in 1983 dollars) at $42,365 for Richmond, with 78% of all households realizing annual effective buying incomes of $20,000 or more.

Assessed Valuation

The City utilizes the facilities of the County for the assessment and collection of property related taxes for City purposes. City property related taxes are assessed and collected at the same time and on the same tax rolls as are county, school, and special district taxes.

As previously discussed, pursuant to Article XIIIA of the California Constitution, annual increases in property valuations by the county assessor are limited to a maximum 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 values uniformly proportional to market values.

Business inventories are exempt from property taxation and are not included in the values shown in the following tables. Also excluded is the first $7,000 of the value of owner occupied residences, pursuant to the homeowners' exemption under State law.

"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.

Presented below are the 1997-98 through 2000-02 assessed valuations for the City.

CITY OF RICHMOND
HISTORY OF ASSESSED VALUATION
1997-98 THROUGH 2001-02

Total Fiscal Year	Assessed Valuation*
1997-98	$6,124,468,401
1998-99	6,255,102,785
1999-00	6,495,468,334
2000-01	6,873,053,040
2001-02	7,868,440,552

* Based on full cash value. Valuations include secured and unsecured property and redevelopment agency increments, the taxes on which are payable to such agencies having project areas within the City.
Source: Contra Costa County Auditor Controller.

CITY OF RICHMOND
SECURED TAX LEVIES AND DELINQUENCIES
1997-98 THROUGH 2001-02

Fiscal Year	Ending Tax Levy	Reimbursed Tax Levy	Percent Current Levy Delinquent June 30
1997-98	$18,053,411	$281,601	1.56%
1998-99	18,423,286	266,843	1.45
1999-00	19,063,710	268,866	1.41
2000-01	20,001,585	262,471	1.31
2001-02	22,626,173	326,531	1.44

Source: Contra Costa County Auditor Controller.

Property Taxation and Tax Rates

The County assesses real personal property values and collects and distributes secured and unsecured property taxes to the City, school districts and other special districts located within the City.

Taxes are levied for each fiscal year on taxable real and personal property that is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1, and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared to be in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one half percent per month to the time of redemption. If

taxes are unpaid for a period of five or more years, the tax defaulted property is declared to be subject to the County Treasurer-Tax Collector's power of sale and may be subsequently sold by the County Treasurer-Tax Collector.

Legislation established the "supplemental roll" in 1984 which directs the Assessor to reassess real property, at market value, on the date property changes ownership or upon completion of construction. Property on the supplemental roll is eligible for billing 30 days after the reassessment and notification to the assessee. The resultant charge (or refund) is a one time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of construction and the date of the next regular tax roll upon which the assessment is entered.

Billings of supplemental assessments are made on a monthly basis and due on the date mailed. If mailed between the months of July through October, the first installment becomes delinquent on June 10th and the second on April 10th. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month following the month of billing. The second installment becomes delinquent on the last day of the fourth month following the date the first installment was delinquent.

State law exempts from assessed valuation $7,000 of the full cash value of an owner-occupied residence, but this exemption does not result in any loss of revenue to local agencies, since an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State. As of Fiscal Year 1984-85, the State reimbursement with respect to business inventory exemption, which formerly had been in the amount of 50%, then 100%, was repealed. This subvention for cities has been replaced by increased motor vehicle license fees.

Property taxes on the unsecured roll are due as of January 1 lien date and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one and one half percent per month begins to accrue beginning November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (i) by filing a civil action against the taxpayer, (ii) by filing a certificate in the office of the City Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) by filing a certificate of delinquency for recordation in the City Recorder's office, in order to obtain a lien on certain property of the taxpayer; and (iv) by the seizure and sale of property, improvements or possessory interest, belonging to the taxpayer. These collection methods can be used separately or jointly.

On June 6, 1978, the voters of California approved an amendment (commonly known as both Proposition 13 and the Jarvis Gann Initiative) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other items, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors including general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two thirds of the votes cast by the voters voting on the proposition.

On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union High School District v. State*

Board of Equalization). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in property cases. In June 1992, the U.S. Supreme Court, in a 8-1 ruling, upheld Proposition 13.

Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this presentation (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Further assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve that tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The City is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California (the "State") to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Teeter Plan

The City is located within a county that is following 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) (the "Law"), commonly referred to as the "Teeter Plan."

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes and assessments are distributed to taxing agencies within a county included in the Teeter Plan on the basis of the 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 taxing agencies is avoided.

The valuation of property is determined as of January 1st each year and equal installments of tax levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due May 15 and become delinquent August 31.

Although the City receives its entire secured tax levy amount each year under the Teeter Plan, an indication of tax collection can be obtained from the history of collections of all entities levying taxes within the City limits. A history of these collections since 1997-98 and the entire County tax levies with delinquencies and tax losses reserve balances for the same period are shown in the following table as reported annually by the County Auditor.

CONTRA COSTA COUNTY
TAX LEVIES, DELINQUENCIES AND
TAX LOSSES RESERVE BALANCES

Fiscal Year Ended June 30	Total Current Year Tax Levy	Portion Current Levy Delinquent Year End	% Current Levy Delinquent Year End	Total Delinquent Taxes June 30	Tax Losses Reserve Balance June 30	Reserve as % of Delinquency
1997-98	$892,581,453	$15,547,736	1.74%	$37,200,417	$19,508,732	52%
1998-99	939,437,116	15,375,159	1.64	32,858,406	21,550,142	66
1999-00	981,579,866	15,904,158	1.62	31,563,440	23,054,893	73
2000-01	1,062,381,354	16,728,410	1.57	31,050,012	24,535,000	79
2001-02	1,187,173,140	20,551,776	1.73	33,941,546	26,735,236	79

Source: Contra Costa County Auditor-Controller.

Largest Taxpayers

Set forth below are the largest secured property taxpayers in the City for the 2002-03 fiscal year.

Property Owner	Primary Land Use	Assessed Valuation	Total
Chevron USA, Inc.	Industrial	$1,953,028,983	25.95%
Berlex Laboratories, Inc.	Industrial	134,024,979	1.78
Dicon Fiberoptics	Manufacturing	74,899,724	1.00
Richmond Association	Shopping Center	64,614,110	0.86
Watch Holding LLC	Apartments	55,014,227	0.73
Developers Diversified Real Estate	Shopping Center	47,443,683	0.63
Security Capital Pacific Trust	Apartments	43,687,991	0.58
Richmond Essex LP	Apartments	30,973,685	0.41
The Hearst Corporation	Industrial	30,046,341	0.40
California Fats & Oils Inc.	Industrial	29,905,265	0.40

Source: Richmond Finance Department.

Economic Structure

Overview of the Richmond Economy

The economy of the City of Richmond includes heavy and light manufacturing, distribution facilities, service industry, commercial centers, and a multi terminal shipping port on San Francisco Bay. Richmond also serves as a government center for West Contra Costa County.

The following table shows estimates and projections of employment by major economic sector in Richmond and its "sphere of influence area" prepared by the Association of Bay Area Governments ("ABAG"). ABAG's projections indicate that the services sector will expand steadily in the Richmond economy from 1995 to the year 2020, relative to the other economic sectors, while the manufacturing and retail sectors will each constitute a gradually shrinking proportional share of all jobs in Richmond's economy over the same 25 years. These estimates are derived from economic indicators, other economic information, and local policy surveys of local jurisdictions. There can be no assurance that these estimates and projections have been or will be accurate. Actual employment may substantially differ from these figures.

JOBS BY MAJOR ECONOMIC SECTORS IN RICHMOND SPHERE-OF-INFLUENCE AREA[1]: 1995, 2000, 2010 AND 2020

	1995		2000		2010		2020	
	Jobs	%	Jobs	%	Jobs	%	Jobs	%
Services	13,870	35.6	15,990	35.4	20,380	37.9	24,730	40.0
Mfg. & Wholesale	7,260	18.6	8,440	18.7	9,980	18.5	11,400	18.5
Retail Trade	5,440	14.0	6,440	14.3	6,720	12.5	7,010	11.3
Agricultural/Mining	580	1.5	610	1.4	650	1.2	660	1.1
Other[2]	11,830	30.3	13,630	30.2	16,090	29.9	17,990	29.1
TOTAL	38,980	100.0	45,110	100.0	53,820	100.0	61,790	100.0

(1) The City's sphere of influence includes territory immediately adjacent, but outside of the City limits, which may potentially be annexed to the City, and which has been identified as such by the County Local Agency Formation Commission. These areas include: County portion of North Richmond, El Sobrante and East Richmond Heights.

(2) Finance/insurance/real estate, government, transportation/communications/utilities, and construction.

Source: ABAG, Projections 98, December 1997.

Industrial Activity

Historically, the City has been viewed as a distribution center and a City of heavy industry, largely due to the visible presence of a major oil refinery, Chevron USA Richmond Refinery, and other major industries: Bio-Rad Laboratories, Pinole Point/Marwais Steel and the bulls liquid terminals in the Port of Richmond.

The City's economy has experienced growth in light and high technology companies and new business parks that accommodate both light industrial and "office/flex" 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 Chevron Clean Fuels Project upgraded and modified the refinery to meet 1995 U.S. Clean Air Act standards for cleaner burning gasoline ("reformulated gasoline"). The project also upgraded the fluidized catalytin cracking (FCC) unit, allowing the refinery to increase gasoline production by approximately 13 percent. Such plant upgrades and expansion do not make it less likely that there may be a decrease in employment in the manufacturing and petroleum sectors at some future time.

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

In 1992 Berlex Biosciences moved to the City, consolidating its Northern California and East Coast USA operations in one location. Berlex's corporate campus in the City functions as headquarters for Schering AG's U.S. operations. Berlex occupies 260,000 square feet of space on 53 acres purchased from Chevron Chemical Company. The company has committed to a $200 million investment in the City that eventually will include 720,000 square feet of additional space and several hundred new jobs at full build out. Berlex moved into its new clinical production facility (Phase IIA of the Berlex expansion) in 1996. The timing of other phases in Berlex's expansion is dependent on developments in the biosciences field generally.

Several other new high technology firms have located in the City, including Onyx Pharmaceuticals, DiCon Fiberoptics and the State Department of Health Services. These three companies have or are in the process of adding 900,000 square feet of office space and approximately 2,000 new employees.

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

1. The ongoing development and leasing of light industrial/business park property at Hilltop and along the relatively new I-580 freeway along Richmond's South Shoreline and the Richmond Parkway;
2. Availability of fairly extensive vacant or under utilized land areas zoned for industrial use;
3. Relatively lower land costs than elsewhere in the Bay Area;
4. Richmond's central location in western Contra Costa County, within a short distance of San Francisco, Oakland and other East Bay cities, Marin County, and a relatively easy commute to the State's capitol, Sacramento;
5. Proximity to the University of California at Berkeley, one of the major scientific universities and library systems in the world;
6. Good access and transportation (Richmond has two Interstate freeways as well as good rail and water transportation facilities, including Union Pacific and BNSF Railroads, Santa Fe western terminal, and the Port of Richmond); and
7. Availability of affordable housing for employees in a variety of neighborhoods, housing types and price ranges.

Completion of the John T. Knox Freeway (Interstate 580 extension from Interstate 80 at Albany to the Richmond San Rafael Bridge) has spurred new industrial and commercial development along the freeway corridor throughout Richmond's South Shoreline area. Another major roadway expected to generate new development is the Richmond Parkway, which links the northern edge of Richmond (Interstate 80 at Hilltop) and the City's southwest corner (the I-580 freeway) and the Richmond San Rafael Bridge. The Parkway was completed in the end of 1996 and has opened up for development a large industrially zoned area in northwest Richmond that has remained largely underdeveloped due to poor access. At this time, all available land in the Richmond Parkway Area is either under contract, in the planning process or under construction:

Summary of Major Industrial/Commercial Investments

Major industrial and commercial investments in the City totaled approximately $226,000,000 million in 1998-2002, representing 1,925,000 square feet of new building space and 500,000 of rehabilitated space (see following table).

MAJOR INDUSTRIAL/COMMERCIAL INVESTMENTS IN RICHMOND, CALIFORNIA 1998-2002*

Project	Sector	Investment (In Millions)	Square Feet
Marina Center	R&D	$13.4	90,000
Bay West Business Center	R&D	30	200,000
DICON	R&D	75	24,000
Virtual Development	R&D	15	100,000
DMS	R&D	State Owned	465,000
Pinole Pt. Business Park	R&D	18	140,000
Hilltop Plaza	Retail	10	135,000
Hilltop Cinema	Entertainment	10	50,000
Ford Assembly Plant	Mixed Use	55	500,000

* Does not include housing investments.
Source: Richmond Planning Department.

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Employment

The City's major employers as of January 1, 2003 are listed in the following table.

MAJOR EMPLOYERS IN RICHMOND, CALIFORNIA[1]

Manufacturing Companies	Employment	Products
Chevron U.S.A., Inc. Refinery	1,646	Petrochemicals
West Contra Costa Unified School District	1,271	Public schools
Social Security Payment Center	1,260	Federal government
City of Richmond	1,189	City government
Chevron Research & Technology	1,061	Petrochemicals research
U.S. Postal Service Bulk Mail Center	1,007	Bulk mail
United Parcel Service (UPS)	950	Mailing distribution center
Berlex Laboratories, Inc.	466	Pharmaceutical products
U. C. Berkeley Field Station	440	Research/education
Permanente Medical Group	437	Medical services
Bio Rad Laboratories, Inc.	312	Biotechnology
Safeway Stores, Inc.	300	Grocery/distribution
PG&E Richmond Service Center	299	Gas and electric utilities
Grace Baking Co.	269	Food Product/Production
Veriflo Corporation	260	Valves/regulators
Burlington Northern Santa Fe Railway	250	Railroad terminal
MSC/Pinole Point Steel Inc. /Pre finish Metals Inc.	243	Steel fabrication
Macy's Hilltop	240	Department store
Kensington Laboratories	196	Instrument and RLTD Production
Ford Motor Co.	194	Auto parts

[1] Employment figures are from City business license records current as of January 2003 and (for public and other non licensed employers) from a telephone survey in January 2003. Numbers represent total workforce in Richmond and include full time and part time employees.

Source: Richmond Finance Department.

The following table sets forth the civilian labor force unemployment data for the resident population, age 16 and over, of the City, the State of California and the United States for the years 1998 to 2002.

LABOR FORCE ANNUAL AVERAGE UNEMPLOYMENT RATES RICHMOND, STATE OF CALIFORNIA AND UNITED STATES 1998-2002[1]

Year	Richmond	California	United States
1998	6.9%	5.9%	4.5%
1999	5.8	5.2	4.2
2000	5.3	4.9	4.0
2001	6.3	5.4	4.8
2002	9.8	6.7	--[2]

[1] Unemployment rate percentages have not been seasonally adjusted.

[2] Data not available.

Source: State of California, Employment Development Department, Labor Market Information Division; U.S. Department of Labor, Bureau of Labor Statistics.

Commercial Activity

Hilltop Mall regional shopping center represents one portion of the 950-acre master planned Hilltop community being developed. Other components in the master planned community include a hotel, a 1.1 million square foot office park, an industrial park, and extensive residential areas. More than 1,640 homes and an estimated 600,000 square feet of light industrial/business park space have been built at Hilltop. Currently another 688 new homes are under construction at Hilltop in two separate developments (Park Ridge, 645 units, and Hilltop Lake Overlook, 43 units). Park Ridge, currently in the project approval process, represents the first stages of development in the Hilltop West Area. The retail and office commercial build out potential is estimated at over 700,000 square feet, and the office/industrial flex potential is estimated at 175,000 square feet.

The Hilltop Mall shopping center is Richmond's principal retail center. Since its opening in 1976, Hilltop has developed into a regional retail center. According to Hilltop's own sources, between 3,000 and 5,000 persons are employed at the shopping center, most of whom are in retail trade employment. Hilltop is anchored by three large department stores: Macy's, J.C. Penney's and Sears. An auto plaza are also located near the shopping mall. The new 200,000 square foot Hilltop Plaza Shopping Center is directly east of Hilltop Mall, right at the new Richmond Parkway Interchange at I-80.

Marina Bay on Richmond's South Shoreline is the site of another large scale master planned development. A planned community with an eventual 3,000 housing units and 5,000 to 6,000 residents, it is being developed around a sheltered water basin holding a large pleasure boat marina. The area started its transformation from a shipyard and industrial site in 1980 with the construction of a 500 berth marina and a formal esplanade and shoreline beach park. As of June 2003, approximately 2,200 residential units had been constructed at Marina Bay, as well as 400,000 square feet of commercial office/business park space and 775 boat berths. Upon completion, expected around the year 2005, Marina Bay will include 1,400 boat berths, 3,000 homes, 650,000 to 700,000 square feet of commercial space, a yacht club, several parks, more than four miles of trails, and the esplanade. Total investment is estimated at $450 million, of which an estimated 80% will have come from private funds.

Also near the I-580 Freeway, the Point Richmond Tech Center I and II, consisting of approximately 225,000 square feet of office/research and development space have been constructed. In addition, the Point Richmond Business Park (Simeon Properties) consisting of 95,000 square feet was built in 1991 on Canal Boulevard, south of Cutting Boulevard and the I-580 Freeway.

Development activity in Richmond's South Shoreline and Marina Bay areas has accelerated in recent years. Catellus Development Corporation has completed construction of Phase I of its 50 acre Regatta Center development at Marina Bay. The property is located on the north side of Regatta Boulevard affil includes 138,000 square feet of office flex space. Phase I of the development is currently occupied by Lucent Technologies, DiCon Fiberoptics and other high tech tenants. In June 2002, construction was completed on Phase B of the Development with a 865,000 square foot campus for DiCon Fiberoptics. In addition, All Aboard Storage completed a five acre development located between two railroad tracks. The last five acre parcel is being considered for Class A office space. Upon completion, Regatta Center will contain approximately 800,000 square fit of office/flex and research and development space.

Lincoln Property Company financed over $500,000 in improvements to the 340,000 square foot former Costco site on Regatta Boulevard. In 1997, Shoe Pavilion, Inc. moved its corporate headquarters and distribution center from Bellevue, Washington into the former Costco facility. Marina Westshore Partners, LLC, the nominee of the Penterra Company, the Marina Hay master developer, has taken out permits for the Marina Bay West Shore office/commercial and light industrial development, consisting of approximately 10.6 acres and over 200,000 square feet of new building space. The City and the Penterra

Company are developing a joint marketing study for the Marina Bay Northshore area, focusing on its potential for marina oriented commercial development.

There are two additional significant projects on the South Shoreline that are in the planning approval process and reflect the conversion of the are from heavy industrial to high tech and residential. The historic 550,000 square foot Ford Assembly Building is being developed by the Agency for 250 live/work units and 180,000 square feet of office with the possibility of an additional 185,000 square feet of additional development. Construction began in August of 2002. The second project is the former City Terminal One site located in the Brickyard Cove area. The 13.5 acre parcel will be developed by Toll Brothers as higher priced residential units with San Francisco Bay views. The project is in the planning process.

BUILDING PERMITS & VALUATION
RICHMOND, CALIFORNIA 1998-2002

Year	Number of Permits	Value (in Millions of Dollars)
1998	1,957	$ 68.4
1999	1,893	100.5
2000	1,979	165.7
2001	1,860	117.8
2002	2,006	101.1

Source: Richmond Public Works Department, Building Regulations Division.

The following table illustrates the breakdown of permit valuation of type of construction. New residential construction has been the largest category of new building.

CITY OF RICHMOND
BUILDING PERMIT VALUATION BY TYPE OF CONSTRUCTION 1998-2002
(In Thousands of Dollars)

Type	1998	1999	2000	2001	2002
Residential	$9,271	$25,978	$75,403	$37,705	$52,134
Commercial	4,414	10,875	30,324	8,219	4,072
Industrial	6,514	13,712	4,095	3,750	0
Other*	2,800	2,385	200	0	380
Total	$22,999	$52,590	$110,122	$49,674	$56,586

* New non-residential permits.
Source: Richmond Public Works Department, Building Regulations Division.

The table below illustrates the annual totals of new residential housing units completed each year in Richmond. A total of 568 housing units were built between 1998-2002, an average of 114 per year.

NEW HOUSING UNITS CONSTRUCTED & PERMITS ISSUED
RICHMOND, CALIFORNIA 1998-2002

Year	Number of Units Constructed	Number of New Unit Permit Issued*
1998	120	71
1999	101	267
2000	74	685
2001	147	209
2002	126	279

* Reflects number of permits issued for the total number of new residential structures but does not necessarily reflect the number of permits issued for new units (e.g., only one permit is issued to construct a new triplex).
Source: Richmond Public Works Department, Building Regulations Division.

Community Facilities

Richmond area residents have access to some of the Bay Area's most modern health care facilities. The Richmond area has two general hospitals, Doctors Hospital in San Pablo and Doctors Hospital in Pinole – both next door to Richmond-plus the newly constructed $100 million Kaiser Hospital Facility. 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. Three 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 playlots and mini parks, and seven community centers.

In addition, the City operates a disabled people's recreation center, an instrumental 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.

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:

Preserve	Acres
Wildcat Canyon Regional Park	2,428
Brooks Island Regional Shoreline	373
George Miller Jr./John T. Knox Regional Shoreline	300
Point Isabel Regional Shoreline	21
Point Pinole Regional Shoreline	2,315
Sobrante Ridge Regional Preserve	277
TOTAL	5,714

One additional park land 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 represents 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.

Central Location

The City is situated near major metropolitan cities and major new growth areas. San Francisco is within 35 minutes by freeway; Oakland is within 20 minutes; San Jose is approximately one hour's drive to the south; the state capitol, Sacramento, is approximately 90 minutes to the east. Central Marin County is approximately 15 minutes from the City over the Richmond-San Rafael Bridge. The freeway system provides access to major new growth areas along Interstate 80 to Vallejo, Fairfield and Sacramento, and to the central Contra Costa and Alameda County urban corridor along Interstate 680, stretching from Concord to Pleasanton. The population within a 70 mile radius of the City is approximately 8.5 million, and within a 30-mile radius the population is over 5.5 million.

Port and Rail

The City's deep water port is California's third largest in annual tonnage, handling more than 20.8 million metric tons of general, liquid and dry bulk commodities each year, over 90% of which is in bulk liquids. The Port of Richmond (the "Port") contains seven City owned terminals, 5 dry docks and 11 privately owned terminals. Private terminals are responsible for almost 95% of the Port's annual tonnage. On dock rail service is provided to many port terminals by the Burlington Northern Santa Fe ("BNSF") and the Union Pacific. The Port, together with the BNSF operations, serve as a highly developed international rail facility. The John T. Knox Freeway has enhanced truck access to the Port.

The Port handles a widely varied assortment of cargoes, although over 90% of the annual tonnage is in liquid bulk cargo, most of which is shipped through the Chevron Terminal. Principal liquid bulk cargoes are petroleum and petroleum products, chemicals and petrochemicals, coconut oil and other vegetable oils, tallow and molasses. Dry bulk commodities include coal, gypsum, iron, ore, cement, logs and various mineral products. Automobiles, agricultural vehicles, steel products, scrap metals, and other diversified break bulk cargoes are also a significant part of the Port's business.

Regional Airports

Oakland International Airport (18 miles away) and San Francisco International Airport (28 miles away) provide the City with world-wide passenger and freight service. In addition, Concord's Buchanan Field, in central Contra Costa County, is 25 miles to the east and provides limited scheduled service and general aviation services.

Freeway Network

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 and Sacramento. The John T. Knox Freeway (I-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 I-80, while opening major tracts of land along the City's north shoreline for new development.

Public Transit

The public is served by the 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; Greyhound provides intercity bus service; and AC Transit offers local bus service within the City, to other East Bay communities and to San Francisco.

Utilities

Utility services to the City are supplied by the following:

Electric power:	Pacific Gas & Electric Co.
Natural gas:	Pacific Gas & Electric Co.
Telephone:	Pacific Bell
Water:	East Bay Municipal Utility District
Sewer:	West Contra Costa Sanitary District, Richmond Municipal Sewer District, and Stege Sanitary District

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APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

Certain provisions of the Trust Agreement and the Loan Agreement not previously discussed in this Official Statement are summarized below. These summaries do not purport to be complete or definitive and are qualified in their entirety by reference to the full terms of the documents. Complete copies of the documents are available upon request from the Trustee.

CERTAIN DEFINITIONS

Act
The term "Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto.

Agency
The term "Agency" means the Richmond Redevelopment Agency, a public body, corporate and politic, organized and existing pursuant to the Law.

Annual Debt Service; Average Annual Debt Service; Maximum Annual Debt Service.
The term "Annual Debt Service" means, for each Bond Year, the sum of (1) the interest (including any compound interest) payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding Serial Bonds are retired as scheduled, (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year (together with the redemption premiums, if any, thereon), and (3) the minimum amount of such Outstanding Term Bonds required to be paid or called and redeemed in such Bond Year.

The term "Average Annual Debt Service" means the average Bond Year Annual Debt Service over all Bond Years.

The term "Maximum Annual Debt Service" means the largest Annual Debt Service during the period from the date of such determination through the final maturity date of any Outstanding Bonds.

Authority
The term "Authority" means the Richmond Joint Powers Financing Authority created pursuant to the Act and its successors and assigns.

Bond Insurer
The term "Bond Insurer" means MBIA Insurance Corporation as issuer of the Municipal Bond Insurance Policy, the Series 2003A Reserve Surety and the Series 2003B Reserve Surety.

Bonds, Serial Bonds, Series 2003A Bonds, Series 2003B Bonds, Term Bonds
The term "Bonds" means the Series 2003A Bonds and the Series 2003B Bonds authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement.

The term "Serial Bonds" means Bonds for which no sinking fund payments are provided.

The term "Series 2003A Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) issued pursuant to the Trust Agreement.

The term "Series 2003B Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable) issued pursuant to the Trust Agreement.

The term "Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Year
The term "Bond Year" means the twelve-month period ending on September 1 of each year to which reference is made.

Business Day
The term "Business Day" means any day other than a Saturday or Sunday or day upon which the Trustee is authorized by law to remain closed.

Certificate of the Authority
The term "Certificate of the Authority" means an instrument in writing signed by or on behalf of the Authority by its President, Vice President, Executive Director or Treasurer/Auditor, or by any other officer of the Authority duly authorized by the governing board of the Authority to sign documents on its behalf under the Trust Agreement.

City
The term "City" means the City of Richmond, a charter city and municipal corporation duly organized and existing pursuant to its Charter and the Constitution of the State.

Code
The term "Code" means the Internal Revenue Code of 1986, as amended.

Community
The term "Community means the City of Richmond, California.

Costs of Issuance
The term "Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Agency or the Authority and related to the authorization, execution and delivery of the Loan Agreement, the Trust Agreement, the Continuing Disclosure Agreement and the sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the underwriter, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other cost, charge or fee in connection with the original execution and delivery of the Bonds.

Costs of Issuance Fund
The term "Costs of Issuance Fund" means the fund by that name established pursuant to the Trust Agreement.

County
The term "County" means Contra Costa County.

Debt Service
The term "Debt Service" means, for any Fiscal Year, the sum of (A) the Loan Payments due and payable under the Loan Agreement during such Fiscal Year, plus (B) any Parity Debt Service payable during such Fiscal Year.

Defeasance Securities
The term "Defeasance Securities" means, to the extent permitted by State law, the following obligations which may be used as permitted investments to defease Outstanding Bonds:

(1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation).

(2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGs").

(3) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury) the United States of America.

(4) The interest component of Resolution Funding Corporation (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form.

(5) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's. If the issue is rated solely by Standard & Poor's, the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipal bonds.

(6) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America.

a. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership

b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership

c. Federal Financing Bank

d. General Services Administration
Participation certificates

e. U.S. Maritime Administration
Guaranteed Title XI financing

f. U.S. Department of Housing and Urban Development
Project Notes
Local Authority Bonds
New Communities Debentures
U.S. Public Housing Notes and Bonds

Financial Guaranty Agreement
The term "Financial Guaranty Agreement" means each, as applicable, of the Financial Guaranty Agreements, dated as of the date set forth in the Trust Agreement, by and between the Authority and the Bond Insurer providing for the issuance of the Series 2003A Reserve Surety and the Series 2003B Reserve Surety, respectively.

Fiscal Year
The term "Fiscal Year" means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with applicable law.

Holder
The term "Holder" means any person who shall be the registered owner of any Outstanding Bond.

Independent Consultant
The term "Independent Consultant" means a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies, acceptable to the Authority and the Trustee and appointed and paid by the Agency, and who, or each of whom:

(1) is in fact independent and not under the domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

Interest Payment Date
The term "Interest Payment Date" means a date on which interest is due on the Bonds, being September 1 and March 1 of each year commencing on March 1, 2004.

Law
The term "Law" means the Community Redevelopment Law of the State of California (being Part I of Division 24 of the Health and Safety Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto.

Loan
The term "Loan" means the loan made by the Authority to the Agency and evidenced by the Loan Agreement.

Loan Agreement
The term "Loan Agreement" means the Loan Agreement, dated as of August 1, 2003, between the Authority and the Agency, under which the Loan is made, as originally entered into or as amended pursuant to the provisions of the Loan Agreement.

Loan Funds
The term "Loan Funds" means the moneys provided by the Authority to the Agency pursuant to the Loan Agreement to finance the Agency's redevelopment activities.

Loan Payments
The term "Loan Payments" means the loan repayment installments required to be paid under the Loan Agreement.

Maximum Annual Debt Service
The term "Maximum Annual Debt Service" means as of the date of calculation, the greatest total Debt Service payable in any Fiscal Year during the period commencing with the then current Fiscal Year and terminating with the Fiscal Year in which the last payments are due under the Loan Agreement.

Municipal Bond Insurance Policy
The term "Municipal Bond Insurance Policy" means the separate bond insurance policies, as applicable, issued by the Bond Insurer insuring the payment when due of the interest on and principal of the Series 2003A Bonds and the Series 2003B Bonds as provided in the Trust Agreement.

Opinion of Counsel
The term "Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

Outstanding
The term "Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of the Trust Agreement; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority.

Pass-Through Payments
The term "Pass-Through Payments" means all payments required to be paid in each Fiscal Year to any Taxing Agencies pursuant to the Law with respect to the Project Area, but only to the extent that such payments are not subordinated to the payment of Debt Service.

Parity Debt
The term "Parity Debt" means (i) the Series 2000A Guaranty Payments under the Post-2004 Guaranty Agreement and (ii) any other loan, bond, note, advance, installment sale agreement, or other evidence of indebtedness or capital lease payable from and secured by a lien on the Pledged Tax Revenues on a parity with the Loan, issued or incurred pursuant to and in accordance with the provisions of the Loan Agreement.

Parity Debt Instrument
The term "Parity Debt Instrument" means any resolution, loan agreement, capital lease, installment sale agreement, trust agreement or other instrument under which any Parity Debt is issued or incurred.

Parity Debt Service
The term "Parity Debt Service" means for any Fiscal Year, the sum of (a) the interest due and payable during such Fiscal Year under any and all outstanding Parity Debt, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments on any Parity Debt are made as scheduled; (b) that portion of the principal amount due all outstanding Parity Debt maturing during such Fiscal Year; and (c) that portion of the principal amount of all such outstanding Parity Debt required to be redeemed or paid (together with the redemption premiums, if any, thereof) during such Fiscal Year. Parity Debt Service shall not include (a) interest on Parity Debt which is to be paid from amounts constituting capitalized interest or (b) interest on or principal of Parity Debt payable from the proceeds of any Parity Debt required to remain unexpended and to be held in escrow pursuant to the terms of a Parity Debt Instrument, provided that each escrow complies with the terms of the Loan Agreement. For purposes of calculating Parity Debt Service with respect to the Post-2004 Guaranty Agreement, the maximum amount of Series 2000A Guaranty Payments payable thereunder shall be assumed to be required to be paid in each Fiscal Year.

Permitted Investments
The term "Permitted Investments" means to the extent permitted by State law, the following obligations which may be used as permitted investments for all purposes in refunding escrow accounts:

(1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the next paragraph).

(2) Direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury) the United States of America. In the event these securities are used for defeasance, they shall be non-callable and non-prepayable.

(3) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America.

a. U.S. Export-Import Bank (Eximbank)
b. Farmers Home Administration (FmHA)
c. Federal Financing Bank
d. General Services Administration
e. U.S. Maritime Administration
f. U.S. Department of Housing and Urban Development (PHAs)
g. General Services Administration
h. Government National Mortgage Association (GNMA)
i. Federal Housing Administration Debentures (FHA)

(4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

a. Senior debt obligations rated in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).

b. Senior debt obligations of the Federal Home Loan Bank System.

c. Senior debt obligations of the Student Loan Marketing Association.

d. Obligations of the Resolution Funding Corporation (REFCORP).

e. Consolidated systemwide bonds and notes of the Farm Credit System.

(5) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which either (a) have a rating in one of the two highest short-term rating categories of at least two nationally recognized rating agencies, (b) are insured at all times by the Federal Deposit Insurance Corporation, or (c) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank).

(6) Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized rating agencies and which matures not more than 270 days after the date of purchase.

(7) Investments in (a) money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least two nationally recognized rating agencies including any such funds for which the Trustee or an affiliate provides investment management or other services and (b) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the Issuer's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least two nationally recognized rating agencies.

(8) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

a. which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least two nationally recognized rating agencies; or

b. (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow 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 maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and

(ii)which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(9) General obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

(10) Investment agreements meeting the Bond Insurer's Minimum Requirements for Investment Agreements then in effect or otherwise approved in writing by the Bond Insurer.

(11) Other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

(12) Funds invested in the Local Agency Investment Fund (as that term is defined in Section 16429.1 of the California Government Code, as such section may be amended or recodified from time to time) to the extent deposits and withdrawals may be made by the Trustee.

(13) Certificates of deposit secured at all times by collateral described in (2) and/or (3) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

The value of the above investments, other than cash, shall be determined as follows:

"Value," which shall be determined as of the end of the month, means "fair market value," which may be determined using a computer pricing service including any service contained in the Trustee's accounting system, provided that the Trustee shall not be liable for any error made by any such service.

Pledged Tax Revenues
The term "Pledged Tax Revenues" means, for each Fiscal Year during the term of the Loan Agreement, all of the taxes eligible for allocation to the Agency pursuant to the Law with respect to the Project Area (including all payments, reimbursements and subventions, if any, specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations):

decreased by

(a) amounts, if any, not exceeding twenty percent (20%) of certain of such taxes which may be required by law to be deposited in the Housing Fund;

(b) amounts, if any, received pursuant to Section 16111 of the Government Code;

(c) Pass-Through Payments; and

(d) the Senior Harbour Debt Service;

and increased by

(e) an amount equal to the Loan Payments; and

(f) an amount payable from the amounts otherwise required to be deposited in the Housing Fund pursuant to the Law equal to Debt Service with respect to Parity Debt (other than the Loan Payments) times a fraction, the numerator of which is the amount of proceeds (net of reserve funds and costs of issuance) of such Parity Debt that is deposited in the Housing Fund or used for purposes for which funds in the Housing Fund are eligible under the Law, and the denominator of which is the aggregate amount of proceeds (net of reserve funds and costs of issuance) of such Parity Debt.

Post-2004 Guaranty Agreement
The term means "Post-2004 Guaranty Agreement" means that certain loan agreement entitled "Post-2004 Guaranty Agreement" by and between the Agency and the Authority, dated as of November 1, 2000.

Project Area
The term "Project Area" means , collectively, the following project areas (or portions thereof) established by the Agency, which have been merged by the Agency pursuant to the Law:

- Eastshore 1A Project Area, initially established August 26, 1957; as amended from time to time, but only that portion of the Eastshore 1A Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- Harbor Gate 6A Project Area, initially established November 8, 1954; as amended from time to time, but only those portions of the Harbor Gate 6A Project Area added by the amendments to the Redevelopment Plan adopted by the Agency on June 26, 1995 and July 13, 1999.

- Hensley 8A Project Area, initially established May 29, 1960; as amended from time to time, but only that portion of the Hensley 8A Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- Downtown 10A Project Area, initially established May 23, 1966; as amended from time to time, but only that portion of the Downtown 10A Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- Nevin 10B Project Area, initially established September 18, 1972; as amended from time to time, but only that portion of the Nevin 10B Project Area added by the amendment to the Redevelopment Plan adopted by the Agency on July 13, 1999.

- Harbour 11A Project Area, initially established June 9, 1975, as amended from time to time, including that portion of the Harbour 11A Project Area added by amendment to Redevelopment Plan adopted on July 13, 1999.

Rating Agency
The term "Rating Agency" means Standard & Poor's Rating Services or, in the event that Standard & Poor's Rating Services no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as Standard & Poor's Ratings Services or other nationally recognized rating agency then maintains a rating on the Bonds.

Record Date
The term "Record Date" means, with respect to an Interest Payment Date, the fifteenth calendar day of the month immediately preceding such Interest Payment Date.

Redevelopment Plan
The term "Redevelopment Plan" means, collectively, the Redevelopment Plans for the Project Area, as the same may be amended from time to time by the Agency.

Revenues
The term "Revenues" means all Loan Payments received by the Trustee pursuant to the Loan Agreement (but not Additional Payments) and all interest or other income from any investment, pursuant to the Trust Agreement, of any money in the Series 2003 Revenue Fund or any account therein.

Senior Harbour Debt Service
The term "Senior Harbour Debt Service" means the principal (including mandatory redemption payments) of and interest on the Agency's Harbour Redevelopment Project 1991 Tax Allocation Bonds and the Agency's Harbour Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A and any other bonds issued under the Senior Harbour Indenture.

Senior Harbour Indenture
The term "Senior Harbour Indenture" means the Indenture, dated January 1, 1992, as amended by a First Supplemental Indenture, dated as of February 1, 1998, all by and between the Agency and U.S. Bank Trust, N.A. (as successor to First Trust of California, N.A.).

Series 2000A Guaranty Payments
The term "Series 2000A Guaranty Payments" means the payments required to be paid under the Post-2000A Guaranty Agreement.

Series 2003B Project Account
The term "Series 2003B Project Account" means the account by that name established and maintained by the Trustee pursuant to the Trust Agreement.

Series 2003A Reserve Account Requirement
The term "Series 2003A Reserve Account Requirement" means the amount set forth in the Trust Agreement, as such amount may be reduced pursuant to the Trust Agreement.

Series 2003B Reserve Account Requirement
The term "Series 2003B Reserve Account Requirement" means the amount set forth in the Trust Agreement, as such may be reduced pursuant to the Trust Agreement.

Series 2003A Reserve Surety
The term "Series 2003A Reserve Surety" means the Debt Service Reserve Fund Surety Bond issued by the Bond Insurer for the Series 2003A Bonds in the amount set forth in the Trust Agreement.

Series 2003B Reserve Surety
The term "Series 2003B Reserve Surety" means the Debt Service Reserve Fund Surety Bond issued by the Bond Insurer for the Series 2003B Bonds in the amount set forth in the Trust Agreement.

Series 2003 Revenue Fund
The term "Series 2003 Revenue Fund" means the fund by that name established and maintained by the Trustee pursuant to the Trust Agreement, together with all funds and accounts established therein.

Special Fund
The term "Special Fund" means Richmond Redevelopment Agency special funds established and maintained by the Agency pursuant to the Law into which the Agency deposits all Pledged Tax Revenues and in which the Authority has a security interest pursuant to the terms of the Loan Agreement. The Special Funds may be created as a fund or account within a fund under the Agency's financial statements.

State
The term "State" means the State of California.

Supplemental Trust Agreement
The term "Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory of the Trust Agreement or supplemental to the Trust Agreement; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

Tax Certificate
The term "Tax Certificate" means the Tax Certificate delivered by the Agency and the Authority at the time of the issuance and delivery of the Bonds, as the same may be amended or supplemented in accordance with its terms.

Taxing Agencies
The term "Taxing Agencies" means all local government agencies entitled to a portion of the property taxes levied in the Project Area.

Trust Agreement
The term "Trust Agreement" means the Trust Agreement, dated as of August 1, 2003, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions of the Trust Agreement.

Trustee
The term "Trustee" means Union Bank of California, N.A., or any other association or corporation which may at any time be substituted in its place as provided in the Trust Agreement.

Written Request of the Authority
The term "Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by its President, Vice President, Executive Director or Treasurer/Auditor, or by any other officer of the Authority duly authorized by the governing board of the Authority to sign documents on its behalf.

TRUST AGREEMENT

The Trust Agreement provides for, among other things, the issuance, execution and delivery of the Bonds and sets forth the terms thereof, the creation of certain of the funds and accounts described in the Trust Agreement, certain covenants of the Authority, defines events of default and remedies therefor, and sets forth the rights and responsibilities of the Trustee. Under the Trust Agreement, all of the Authority's right, title and interest in and to the Agency's payments of principal and interest under the Loan Agreement are assigned to the Trustee for the benefit of the bondowners and are pledged to secure the payment of the principal, premium, if any, and interest payable with respect to the Bonds. The Trust Agreement provides the Trustee with the power to enforce all of the rights of the Authority under the Loan Agreement.

General Bond Provisions

Execution of Bonds. The Treasurer/Auditor of the Authority is authorized and directed to execute each of the Bonds on behalf of the Authority and the Secretary of the Authority is authorized and directed to countersign each of the Bonds on behalf of the Authority. The signatures of such Treasurer/Auditor and Secretary may be by printed, lithographed or engraved by facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Bonds.

Only those Bonds bearing thereon a certificate of authentication in the form recited in the Trust Agreement, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security under the Trust Agreement or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, executed, issued and delivered under the Trust Agreement and are entitled to the benefit, protection and security of the Trust Agreement.

Transfer and Payment of Bonds. Any bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of the Trust Agreement by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bonds for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bonds or Bonds of the same series and maturity for a like aggregate principal amount. The Trustee shall require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may deem and treat the registered owner of any bonds as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bonds shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal or and redemption premium, if any, on such Bonds shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Bonds to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of or exchange any Bond during the period established by the Trustee for selection of Bonds for redemption or any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in the Trust Agreement.

Exchange of Bonds. Bonds may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same series and maturity of other authorized denominations. The Trustee shall require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege.

Bond Registration Books. The Trustee will keep at its corporate trust office sufficient books for the registration and transfer of the Bonds which shall during normal business hours be open to inspection by the Authority, and upon presentation for such purpose the Trustee shall upon reasonable notice, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as provided in the Trust Agreement.

Mutilated, Destroyed, Stolen or Lost Bonds. If any Bond shall become mutilated the Trustee at the expense of the Holder shall thereupon authenticate and deliver, a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Holder, shall thereupon authenticate and deliver, a new Bond of like tenor in lieu or and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond issued under the Trust Agreement and of the expenses which may be incurred by the Authority and the Trustee relating thereto. Any Bond issued under the provisions of the Trust Agreement in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of the Trust Agreement with all other Bonds of the same series secured by the Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Bond any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under the Trust Agreement or for the purpose of determining any percentage of Bonds Outstanding under the Trust Agreement, but both the original replacement Bond shall be treated as one and the same.

Temporary Bonds. The Bonds issued under the Trust Agreement may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form and may contain such reference to any of the provisions of the Trust Agreement as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the Authority, in accordance with the terms of the Act. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the corporate trust office of the Trustee in Los Angeles, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under the Trust Agreement as definitive Bonds delivered under the Trust Agreement.

No Additional Bonds

The Authority covenants that it will not issue any additional bonds or other indebtedness under the Trust Agreement or otherwise secured by any of the payments made under the Loan Agreement; provided that nothing under the Trust Agreement prevents the Authority or the Agency from issuing or otherwise incurring additional obligations as permitted by the Loan Agreement.

Pledge of Revenues

All Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in the Series 2003 Revenue Fund are irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds as provided in the Trust Agreement, and the Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. This pledge shall constitute a first pledge of and charge and lien upon the Revenues and all other moneys on deposit in the Series 2003 Revenue Fund for the payment of the interest on and principal of the Bonds in accordance with the terms of the Trust Agreement.

Establishment and Maintenance of Accounts for Use of Money in the Series 2003 Revenue Fund. Under the Trust Agreement, all money in the Series 2003 Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Series 2003 Revenue Fund in the following order of priority:

(a) Series 2003A Interest Account and the Series 2003B Interest Account. On each Interest Payment Date, commencing on September 1, 2003, the Trustee shall set aside from the Series 2003 Revenue Fund and deposit in the Series 2003A Interest Account and the Series 2003B Interest Account those amounts of money which, when added to any amounts then on deposit in such accounts, are equal to the amount of interest becoming due and payable on all Outstanding Series 2003A Bonds and Series 2003B Bonds, respectively, on such Interest Payment Date. In the event that the amount available for deposit pursuant to this paragraph is insufficient to make the full deposits required by the Trust Agreement, the amounts deposited to the Series 2003A Interest Account and the Series 2003B Interest Account shall be reduced by the amount of such insufficiency, in proportion to the total amounts required to pay interest on the Series 2003A Bonds and the Series 2003B Bonds on such Interest Payment Date. No deposit need be made in the Series 2003A Interest Account or the Series 2003B Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Series 2003A Bonds or Series 2003B Bonds, respectively, on such Interest Payment Date. All money in the Series 2003A Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2003A Bonds as it shall become due and payable (including accrued interest on any Series 2003A Bonds purchased or redeemed prior to maturity). All money in the Series 2003B Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2003B Bonds as it shall become due and payable (including accrued interest on any Series 2003B Bonds purchased or redeemed prior to maturity).

(b) Series 2003A Principal Account and the Series 2003B Principal Account. On each September 1, commencing September 1, 2008 the Trustee shall set aside from the Series 2003 Revenue Fund and deposit in the Series 2003A Principal Account and the Series 2003B Principal Account those amounts of money which, when added to any amounts then on deposit in such accounts, are equal to the principal amounts (including the payment of principal with respect to any mandatory redemption) of all Outstanding Series 2003A Bonds and Series 2003B Bonds, respectively, maturing on such September 1. In the event that the amount available for deposit pursuant to this paragraph is insufficient to make the full deposits required by the Trust Agreement, the amounts deposited to the Series 2003A Principal Account and the Series 2003B Principal Account shall be reduced by the amount of such insufficiency, in proportion to the total amounts required to pay such principal on the Series 2003A Bonds and the Series 2003B Bonds on such September 1. No deposit need be made in the Series 2003A Principal Account or the Series 2003B Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2003A Bonds and Series 2003B Bonds, respectively, maturing or subject to mandatory redemption by their terms on such September 1. All money in the Series 2003A Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2003A Bonds as they shall become due and payable, whether at maturity or redemption. All money in the Series 2003B Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2003B Bonds as they shall become due and payable, whether at maturity or redemption.

(c) Series 2003A Reserve Account and the Series 2003B Reserve Account. All money in the Series 2003A Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series 2003A Interest Account or the Series 2003A Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal of or redemption premiums, if any, on the Series 2003A Bonds or for the retirement of all the Series 2003A Bonds then Outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Series 2003A Reserve Account in excess of the Series 2003A Reserve Account Requirement shall be withdrawn from the Series 2003A Reserve Account and deposited in the Series 2003A Interest Account, on each September 1 and March 1. For purposes of determining the amount on deposit in the Series 2003A Reserve Account, the Trustee shall value on the last Business Day of each August and February those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2003A Bonds pursuant to the Trust Agreement, the Series 2003A Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2003A Bonds after such redemption.

All money in the Series 2003B Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series 2003B Interest Account or the Series 2003B Principal Account, in that order, in the event of any deficiency at any time in either of such accounts, but solely for the purpose of paying the interest or principal of or redemption premiums, if any, on the Series 2003B Bonds or for the retirement of all the Series 2003B Bonds then Outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Series 2003B Reserve Account in excess of the Series 2003B Reserve Account Requirement shall be withdrawn from the Series 2003B Reserve Account and deposited in the Series 2003B Interest Account, on each September 1 and March 1. For purposes of determining the amount on deposit in the Series 2003B Reserve Account, the Trustee shall value on the last Business Day of each August and February those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2003B Bonds pursuant to the Trust Agreement, the Series 2003B Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2003B Bonds after such redemption.

The Series 2003A Reserve Surety and the Series 2003B Reserve Surety shall be deposited in the Series 2003A Reserve Account and the Series 2003B Reserve Account to satisfy a portion of the Series 2003A Reserve Account Requirement and the Series 2003B Reserve Account Requirement, respectively. Notwithstanding any other provision of the Trust Agreement, in the event that the Trustee is required to make a transfer from the Series 2003A Reserve Account or the Series 2003B Reserve Account as provided above, the Trustee shall first apply any cash on hand in the Series 2003A Reserve Account or the Series 2003B Reserve Account, prior to drawing any amount on the Series 2003A Reserve Surety or the Series 2003B Reserve Surety. In the event of such a draw, any Revenues which become available for deposit in the Series 2003A Reserve Account or the Series 2003B Reserve Account under the Trust Agreement shall be applied as provided in the Financial Guaranty Agreement until all amounts owing to the Bond Insurer thereunder are paid in full.

All money in each of the above accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized under the Trust Agreement. Notwithstanding any other provision of the Trust Agreement, if the total amount on deposit in the Series 2003 Revenue Fund equals or exceeds the principal amount of the Bonds, together with accrued interest thereon, and the Bonds are at such time subject to redemption without premium, the Trustee shall redeem all remaining Outstanding Bonds from amounts on deposit in the Series 2003 Revenue Fund and remit any balance therein to the Authority.

Reserve Surety Policies and Letters of Credit. The Authority may satisfy the Series 2003A Reserve Account Requirement of the Series 2003B Reserve Account Requirement at any time by the deposit with the Trustee for the credit of the Series 2003A Reserve Account or the Series 2003B Reserve Account, as the case may be, of a surety bond, an insurance policy or letter of credit as described below, or any combination thereof, subject to the written consent of the Bond Insurer.

(a) Surety Bond or Insurance Policy. A surety bond or insurance policy issued to the Trustee, on behalf of the Holders of the series of Bonds, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the Bonds (a "municipal bond insurer") may be deposited in the Series 2003A Reserve Account or the Series 2003B Reserve Account to meet the Series 2003A Reserve Account Requirement or the Series 2003B Reserve Account Requirement, respectively, if the claims paying ability of such municipal bond insurer shall be rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's.

If the claims paying ability of a municipal bond insurer falls below an "Aaa" rating by Moody's Investors Service or an "AAA" rating by Standard & Poor's, the Authority will use its best efforts to procure a replacement surety bond or insurance policy within 30 days from the date of the decline in such claims paying ability, meeting the requirements set forth above to the extent that, in the judgment of the Authority, such a substitute or replacement surety bond or insurance policy is available upon reasonable terms and at a reasonable cost, or will use its best efforts to deposit into the Series 2003A Reserve Account or the Series 2003B Reserve Account, as applicable, a letter of credit meeting the requirements of the Trust Agreement in order to provide that there will be on deposit in the Series 2003A Reserve Account or the 2003B Reserve Account, as the case may be, an amount equal to the Series 2003A Reserve Account Requirement or the Series 2003B Reserve Account Requirement, respectively.

(b) Letter of Credit. A letter of credit may be deposited in the Series 2003A Reserve Account or the Series 2003B Reserve Account to meet the Series 2003A Reserve Account Requirement or the Series 2003B Reserve

Account Requirement, respectively; provided that any such letter of credit must be issued or confirmed by a state or national bank or a foreign bank with an agency or branch located in the continental United States which has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category (disregarding rating subcategories) by Moody's Investors Service and Standard & Poor's, but in no event less than the rating on the applicable series of Bonds given by any rating agency which has a then currently effective rating on the Bonds.

In the event that unsecured long-term debt securities of the state, national or foreign bank which has issued or confirmed any letter of credit are downgraded by Moody's Investors Service or Standard & Poor's to a rate below the requirements set forth above, the Authority will use its best efforts to obtain a substitute or replacement letter of credit within 30 days from the date of such downgrading from a state, national or foreign bank meeting the requirements set forth above, to the extent that, in the judgment of the Authority, such a substitute or replacement letter of credit is available upon reasonable terms and at a reasonable cost, or will use its best efforts to deposit into the Series 2003 Reserve Account a replacement surety bond or insurance policy meeting the requirements of this section in order to provide that there will be on deposit in the Series 2003 Reserve Account an amount equal to the Series 2003 Reserve Account Requirement.

Unless the applicable series of Bonds have been fully paid and retired, the Trustee shall draw the full amount of any letter of credit credited to each Reserve Account on the third Business Day preceding the date such letter of credit (taking into account any extension, renewal or replacement thereof) would otherwise expire, and shall deposit moneys realized pursuant to such draw in the Series 2003 Reserve Account.

(c) Release of Moneys in Reserve Accounts. If the Authority replaces a cash-funded Series 2003 Reserve Account, in whole or in part, with a surety bond, insurance policy or letter of credit meeting the requirements described above, amounts on deposit in the Series 2003 Reserve Account shall, upon written request of the Authority to the Trustee, be transferred to the Authority and applied for the acquisition, construction, installation or equipping of public capital improvements; provided, that with respect to the Series 2003A Reserve Account, such transfer shall be conditioned on the receipt by the Authority and Trustee of an Opinion of Counsel that such transfer will not cause the interest on the Series 2003A Bonds to be included in gross income for purposes of federal income taxation.

Deposit and Investments of Money in Accounts and Funds. Subject to the section "Tax Covenants", below, all money held by the Trustee in any of the accounts or funds established under the Trust Agreement shall be invested in Permitted Investments at the Written Request of the Authority. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement; provided, however, that moneys in the Series 2003A Reserve Account and the Series 2003B Reserve Account shall be invested in Permitted Investments with a term to maturity not exceeding five (5) years except for a repurchase agreement or an investment agreement so long as either allows for the withdrawal of monies at par for any purpose required by the Trust Agreement.

The Trustee may commingle the funds and accounts established under the Trust Agreement for investment purposes, but shall account for each separately. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fees therefor. In the absence of written investment instructions from the Authority, the Trustee shall (i) notify the Authority in writing that it does not have investment instructions, and (ii) until such instructions are received, invest in those investments described in clause (7) of the definition of Permitted Investments. The Trustee shall not be liable for any loss for any investment made in accordance with these provisions.

Certain Covenants of the Authority

Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and the principal of and redemption premiums, if any, to become due on the Bonds issued under the Trust Agreement in strict conformity with the terms of the Trust Agreement and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority under the Trust Agreement and in the Bonds.

Against Encumbrances. The Authority will not make any pledge of or place any charge or lien upon the Revenues except as provided under the Trust Agreement, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Bonds as provided in the Trust Agreement.

Tax Covenants. The Authority covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2003A Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Series 2003A Bonds.

Accounting Records and Reports. The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee, at reasonable hours and under reasonable conditions. Not more than one hundred eighty (180) days after the close of each Fiscal Year, the Authority shall furnish or cause to be furnished to the Trustee a complete financial statement covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year. The Authority shall also keep or cause to be kept such other information as required under the Tax Certificate. The Trustee shall have no duty to review or examine such statement.

Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations under the Trust Agreement; provided that the Trustee or any affected Holder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any attorney's fees or other expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions under the Trust Agreement, except for any loss, cost, damage or expense resulting from the active or passive negligence or willful misconduct of the Trustee. Notwithstanding any contrary provision of the Trust Agreement, this covenant shall remain in full force and effect even though all Bonds secured may have been fully paid and satisfied.

Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Holder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Holders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Trust Agreement.

Assignment to Trustee; Enforcement of Obligations.

(a) The Authority, for good and valuable consideration, the receipt of which is acknowledged, does unconditionally grant, transfer and assign to the Trustee, without recourse, all of its rights, title and interest under the Loan Agreement, except, prior to any Event of Default under the Trust Agreement or under the Loan Agreement, (i) the Authority's rights to receive any notices under the Trust Agreement or the Loan Agreement, (ii) the Authority's right to receive payments, if any, with respect to fees, expenses and indemnification and certain other purposes under the Loan Agreement and (iii) the Authority's rights to give approvals or consents pursuant to the Loan Agreement, but including, without limitation, the right to collect and receive directly all of the Revenues and the right to hold and enforce any security interest, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee.

(b) The Trustee also shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment (1) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement and any other security agreement with respect to the Bonds, and (2) to assure compliance with all covenants, agreements and conditions on the part of the Authority contained in the Trust

Agreement with respect to the Revenues. The Trustee shall give all notices which the Authority is required to cause it to give under the Loan Agreement.

The Trustee

Union Bank of California, N.A., shall serve as the Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee under the Trust Agreement and for the purpose of allocating, applying and using such money as provided in the Trust Agreement and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment in San Francisco or Los Angeles, California, with the rights and obligations provided in the Trust Agreement. The Authority agrees that it will at all times maintain a Trustee having a corporate trust office in San Francisco or Los Angeles, California.

The Trustee is authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Bonds and a certificate of destruction shall be delivered to the Authority. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

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

Removal and Resignation; Appointment of Successor. The Authority may at any time, unless there exists any Event of Default, and upon written request of the Bond Insurer, shall, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall be approved in writing by the Bond Insurer and shall be a bank or trust company doing business and having a corporate trust office in San Francisco or Los Angeles, California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars ($50,000,000) and subject to supervision or examination by federal or state authority. The Bond Insurer shall receive prior written notice of any name change of the Trustee or the resignation or removal of the Trustee. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority and by mailing to the Holders notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required by the Trust Agreement.

Liability of Trustee. The recitals of facts, agreements and covenants in the Trust Agreement and in the Bonds shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity of the Trust Agreement or of the Bonds, or shall incur any responsibility in respect other than in connection with the rights or obligations assigned to or imposed upon it under the Trust Agreement, in the Bonds or in law or equity. The Trustee shall not be liable in connection with the performance of its duties under the Trust Agreement except for its own active or passive negligence or willful misconduct.

The Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and such Holder's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Trust Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Trust Agreement at the request, order or direction of any of the Bondholders pursuant to the provisions of the Trust Agreement unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Holders for the payment of interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties under the Trust Agreement.

The Trustee shall not be deemed to have knowledge of any event of default, other than an event of default under the Trust Agreement, unless and until an officer at the Trustee's corporate trust office responsible for the administration of its duties under the Trust Agreement shall have actual knowledge thereof or the Trustee shall have received written notice thereof at its corporate trust office. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements in the Trust Agreement or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers under the Trust Agreement or perform any duties under the Trust Agreement either directly or by or through attorneys-in-fact, agents or receivers, and shall be answerable for the negligence or misconduct or any such attorney-in-fact, agent or receiver. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty under the Trust Agreement, but the Trustee shall not be answerable for the professional malpractice of any attorney-in-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of the Trust Agreement, if such attorney-in-law or certified public accountant was selected by the Trustee with due care.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions of the Trust Agreement.

Whether or not therein expressly so provided, every provision of the Trust Agreement, the Loan Agreement or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of the Trust Agreement.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Certificate of the Authority or Written Request of the Authority), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Trust Agreement in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations under the Trust Agreement the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action under the Trust Agreement, such matter (unless other evidence in respect thereof be specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of the Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties under the Trust Agreement, or in the exercise of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it under the Trust Agreement at its prime rate plus two percent.

Compensation and Indemnification of Trustee. The Authority covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties under the Trust Agreement of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Trust Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created by the Trust Agreement, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers under the Trust Agreement. The rights of the Trustee and the obligations of the Authority under the Trust Agreement shall survive the discharge of the Bonds and the Trust Agreement and the resignation or removal of the Trustee.

Amendment of the Trust Agreement

Amendments with the Consent of Holders. The Trust Agreement and the rights and obligations of the Authority and of the Holders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the section below, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Holder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided in the Trust Agreement superior to or on a parity with the pledge, charge and lien created by the Trust Agreement for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority or the Agency without their prior written assent thereto, respectively.

Amendments without Consent of Holders. The Trust Agreement and the rights and obligations of the Authority and of the Holders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Holders, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel and the giving of notice to the Bond Insurer, for any purpose that will not materially adversely affect the interests of the Holders, including (without limitation) for any one or more of the following purposes –

(a) to add to the agreements and covenants required in the Trust Agreement to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved in the Trust Agreement to or conferred in the Trust Agreement on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising under the Trust Agreement which the Authority may deem desirable or necessary and not inconsistent with the Trust Agreement;

(c) to provide for the issuance of any Bonds; or

(d) to add to the agreements and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

Disqualified Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this section, and shall not be entitled to consent to or take any other action provided in this section.

Amendment by Mutual Consent. These provisions shall not prevent any Holder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Bond Insurer Notice and Consent. With respect to amendments or supplements to the Trust Agreement described in the above section, *Amendments without Consent of Holders*, the Bond Insurer must be given notice of any such amendments or supplements. With respect to amendments or supplements to the Trust Agreement described in the above section, *Amendments with the Consent of Holders*, the Bond Insurer's prior written consent is required. Copies of any amendments or supplements to the Trust Agreement which are consented to by the Bond Insurer shall be sent to the rating agencies which have assigned a rating to the Bonds. Notwithstanding any other provision of the Trust Agreement, in determining whether the rights of Holders will be adversely affected by any action taken pursuant to the terms and provisions of the Trust Agreement, the Trustee shall consider the effect on the Holders as if there were no Municipal Bond Insurance Policy; provided that any amendment approved in writing by the Bond Insurer shall be deemed to not materially adversely affect the interests of the Holders so long as the Municipal Bond Insurance Policy is in full force and effect at the time of the amendment.

Events of Default and Remedies

Events of Default. The following events shall be Events of Default under the Trust Agreement:

(a) Failure by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) Failure by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) Failure by the Authority in the performance of any of the other agreements or covenants required in the Trust Agreement to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee or the Bond Insurer;

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

(e) The occurrence of an Event of Default under the Loan Agreement.

Remedies. Upon the occurrence and continuation of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than fifty one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained in the Trust Agreement or in the Bonds to the contrary notwithstanding. The Trustee shall promptly notify all Holders of any such Event of Default which is continuing.

However, if at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Authority shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such

overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Holders of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Holders in the Trust Agreement is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Application of Funds After Default. All moneys in the accounts and funds provided in the Trust Agreement upon the date of the declaration of acceleration by the Trustee as provided in the preceding section and all Revenues (other than Revenues on deposit in the Rebate Fund as defined by and pursuant to the Tax Certificate) thereafter received by the Authority shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the costs and expenses of the Holders in providing for the declaration of such event of default, including reasonable compensation to their accountants and counsel, and to the payment of the fees, costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its accountants and counsel; and

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

Notwithstanding any other provision of the Trust Agreement, no amounts shall be paid to the Holders of the Bonds from Revenues derived from amounts required to be deposited in the Agency's Low and Moderate Income Housing Fund pursuant to the Law.

Institution of Legal Proceedings by Trustee. If one or more of the events of default shall happen and be continuing, the Trustee may, and upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Trust Agreement and under the Loan Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement, or in aid of the execution of any power granted under the Trust Agreement, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties under the Trust Agreement.

Non-Waiver. Nothing in this provision or in any other provision of the Trust Agreement or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon prior redemption as provided in the Trust Agreement from the Revenues as provided in the Trust Agreement pledged for such payment, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Trust Agreement and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders by the Act or by this provision may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Holder shall have the right to bring to enforce any right or remedy under the Trust Agreement may be brought by the Trustee for the equal benefit and protection of all Holders, whether or not the Trustee is a Holder, and the Trustee is appointed (and the successive Holders, by taking and holding the Bonds issued under the Trust Agreement, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Limitation on Bondholders' Right to Sue. No Holder of any Bond issued under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default under the Trust Agreement; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any owner of Bonds of any remedy under the Trust Agreement; it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner provided in the Trust Agreement, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner provided in the Trust Agreement and for the equal benefit of all Holders of the Outstanding Bonds.

Defeasance

Discharge of Bonds. If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated under the Trust Agreement, then the Holders of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues, as provided under the Trust Agreement, and all agreements, covenants and other obligations of the Authority to the Holders of such Bonds under the Trust Agreement shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the above paragraph if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory

to it irrevocable instructions to provide notice in accordance with the Trust Agreement, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities which are not subject to redemption prior to maturity (including any such Defeasance Securities issued or held in book-entry form on the books of the Agency or the Treasury of the United States of America) or tax exempt obligations of a state or political subdivision thereof which have been defeased under irrevocable escrow instructions by the deposit of such money or Defeasance Securities and which are then rated in the highest rating category by the Rating Agency, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Holders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

Unclaimed Money. Anything contained in the Trust Agreement to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall at the Written Request of the Authority be repaid 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 Holders shall not look to the Trustee for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee may, and at the request of the Authority shall, at the expense of the Authority, cause to be published once a week for two (2) successive weeks in a Financial Newspaper of general circulation in Richmond, California and in San Francisco, California and in the same or a similar Financial Newspaper of general circulation in New York, New York a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the Authority.

Payment by Bond Insurer. In the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Authority to the Holders of Outstanding Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Holders of Outstanding Bonds including, without limitation, any rights that such Holders of Outstanding Bonds may have in respect of securities law violations arising from the offer and sale of the Bonds.

Miscellaneous

Liability of Authority Limited to Revenues. Notwithstanding anything contained in the Trust Agreement, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided in the Trust Agreement for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants contained in the Trust Agreement. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring an indebtedness.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided in the Trust Agreement.

The Bonds are not a debt of the Authority, the State of California or any of its political subdivisions, and neither the Authority, said State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

Benefits of the Trust Agreement Limited to Parties. Nothing contained in the Trust Agreement, expressed or implied, is intended to give to any person other than the Authority, the Trustee and the Holders any right, remedy or claim under or by reason of the Trust Agreement. Any agreement or covenant required in the Trust Agreement to be performed by or on behalf of the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Holders.

Execution of Documents by Holders. Any declaration, request or other instrument which is permitted or required in the Trust Agreement to be executed by Holders may be in one or more instruments of similar tenor and may be executed by Holders in person or by their attorneys appointed in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the office of the Trustee.

Any declaration, request, consent or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond with respect to anything done or suffered to be done by the Trustee or the Authority in good faith and in accordance therewith.

Waiver of Personal Liability. No member, officer or employee of the Authority, the Agency or the City of Richmond shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing contained in the Trust Agreement shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or the Trust Agreement.

Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Accounts and Funds; Business Days. Any account or fund required in the Trust Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with the Tax Certificate and sound corporate trust accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Holders. Any action required to occur under the Trust Agreement on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required by the Trust Agreement to be performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the Trust Agreement or of the Bonds, and the Holders shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase of the Trust Agreement and would have authorized the issuance of the Bonds pursuant to the Trust Agreement irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases of the Trust Agreement or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Amendments to Loan Agreement. The Authority shall not supplement, amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee and the Bond Insurer. The Trustee shall give such written consent only if (a) such supplement, amendment, modification or termination will not materially adversely affect the interests of the Holders or result in any material impairment of the security given by the Trust Agreement for the payment of the Bonds, or (b) the Trustee first obtains the written consent of the Holders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination shall reduce the amount of Loan Payments to be made to the Authority or the Trustee by the Agency pursuant to the Loan Agreement, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by the Loan Agreement to secure the Loan Payments (except as expressly provided in the Loan Agreement), in each case without the written consent of all of the Holders of the Bonds then Outstanding.

Consent Rights of Bond Insurer.

(a) Consent of Bond Insurer. Any provision of the Trust Agreement expressly recognizing or granting rights in or to Bond Insurer may not be amended in any manner which affects the rights of Bond Insurer under the Trust Agreement without the prior written consent of Bond Insurer.

(b) Consent of Bond Insurer in Addition to Bondholder Consent. Whenever the Trust Agreement requires the consent of Holders, Bond Insurer's consent shall also be required.

(c) Consent of Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Authority or underlying obligor must be acceptable to Bond Insurer. In the event of any reorganization or liquidation, Bond Insurer shall have the right to vote on behalf of all Holders who hold Bond Insurer-insured Bond absent a default by Bond Insurer under the Municipal Bond Insurance Policy.

(d) Consent of Bond Insurer Upon Default. Anything in the Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined in the Trust Agreement, Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders or the Trustee for the benefit of the Holders under the Trust Agreement, including, without limitation: (i) the right to accelerate the principal of the Bonds as described in the Trust Agreement, and (ii) the right to annul any declaration of acceleration, and the Bond Insurer shall be entitled to approve all waivers of events of default.

(e) Acceleration Rights. Upon the occurrence of an event of default, the Trustee shall, at the direction of Bond Insurer or at the direction of 51% of the Holders with the consent of Bond Insurer, by written notice to the Authority, the underlying obligor and Bond Insurer, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Trust Agreement or in the Bonds to the contrary notwithstanding.

Bond Insurer as Third Party Beneficiary. To the extent that the Trust Agreement confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Trust Agreement, the Bond Insurer is explicitly recognized as being a third-party beneficiary under the Trust Agreement and may enforce any such rights, remedy or claim conferred, given or granted thereunder.

LOAN AGREEMENT

The Authority and the Agency will enter into a Loan Agreement pursuant to which the Authority loans the proceeds of the Bonds to the Agency and the Agency agrees to use such proceeds to finance redevelopment activities within its merged redevelopment project areas and to repay the loan under the terms set forth in the Loan Agreement.

Loan Terms; Disbursement; Parity Debt

Loan Payments. (a) The Agent agrees that, at least fifteen (15) days prior to each Interest Payment Date, the Agency shall transfer to the Trustee from the Special Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Bonds on such Interest Payment Date (the "Loan Payment"). The Loan Payments shall be payable from all Pledged Tax Revenues. In the event that the Pledged Tax Revenues are insufficient to pay all Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Loan Payments and Parity Debt Service.

(b) All Loan Payments under the Loan Agreement shall be payable by the Agency in immediately available funds which constitute lawful money of the United States of America. Such payments shall be secured, and amounts for the payment thereof shall be deposited with the Authority as set forth under the Loan Agreement.

Prepayment and Reduction in Loan Funds. The Loan Payments shall be subject to optional prepayment in whole or in part on the dates, in the amounts and subject to the notice requirements applicable to redemption of the Series 2003A and the Series 2003B Bonds, respectively, as provided in the Trust Agreement.

Parity Debt. In addition to the Loan, the Agency may after the date of the Loan Agreement issue or incur Parity Debt in such principal amount as shall be determined by the Agency subject to the following specific conditions, which are made conditions precedent to the issuance and delivery of such Parity Debt issued under the Loan Agreement:

(a) No Event of Default under the Loan Agreement, under any Parity Debt Instrument, under any Subordinate Debt Instrument or under any other instrument secured by tax increment revenues of the Agency with respect to the Project Area shall have occurred and be continuing, and the Agency shall otherwise be in compliance with all covenants set forth in the Loan Agreement.

(b) The Pledged Tax Revenues to be received by the Agency in the then current Fiscal Year based upon the most recent qualified assessment roll of the County shall be in an amount equal to at least one hundred twenty-five percent (125%) of Maximum Annual Debt Service. For the purpose of the calculations pursuant to this paragraph, the following shall apply:

(1) The Pledged Tax Revenues referred to above shall be deemed to be increased by any additional assessed valuation of taxable property as to which construction has been completed, as of the date of, and as may be shown by, a Report of an Independent Consultant;

(2) The Pledged Tax Revenues shall not include any amounts resulting from a property tax rate in the Project Area in excess of one percent (1%) unless the Agency files with the Authority a Report of an Independent Consultant showing that any such excess tax rate will be in effect throughout the term of the Loan.

(3) For purposes of calculating Maximum Annual Debt Service, Parity Debt shall not include any debt with respect to which the following conditions are met:

(A) The proceeds of such Parity Debt shall be held by a corporate trustee in a separate fund (a "Temporary Redemption Fund") and deposited or invested in federal securities as defined in the Loan Agreement or in an investment agreement with a financial institution or insurance company, whose unsecured debt obligations are rated in at least the second-highest rating category by at least one nationally recognized securities rating agency and approved in writing by the Authority, at a rate of interest which, together with amounts made available by the Agency from Parity Debt proceeds or otherwise, is at least sufficient to pay Debt Service on the Parity Debt the proceeds of which are to be deposited in the Temporary Redemption Fund.

(B) Moneys may be transferred from the Temporary Redemption Fund only if Pledged Tax Revenues for the then current Fiscal Year will be at least equal to one hundred twenty-five percent

(125%) of Maximum Annual Debt Service, (excluding from such calculation the principal amount of Parity Debt which is equal to moneys on deposit in said Temporary Redemption Fund after each such transfer).

(C) Parity Debt shall be redeemed from moneys remaining on deposit in the Temporary Redemption Fund at the expiration of a specified escrow period in such manner as may be determined by the Agency.

(c) The Agency shall deliver to the Authority and the Trustee prior to the incurrence of such Parity Debt a copy of the Parity Debt Instrument and Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a), (b) and (c) above have been satisfied and, as applicable, the report required by subsection (b) above has been delivered.

(d) For purposes in making the calculations set forth in (b):

(1) if any Parity Debt is capital appreciation bonds or a similar compound interest instrument, then the accreted value payment shall be deemed a principal payment and interest that is compounded and paid as accreted value shall be deemed due on the scheduled redemption or payment date of such Parity Debt;

(2) if any Parity Debt bears interest payable pursuant to a variable interest rate formula, the interest rate on such Parity Debt for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the greater of (A) the actual rate on the date of calculation, or if such Parity Debt is not yet outstanding, the initial rate (if then established and binding), (B) if the Parity Debt has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (C)(1) if interest on such Parity Debt is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published "Bond Buyer 25 Bond Revenue Index" (or comparable index if no longer published) plus fifty (50) basis points, or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points;

(3) if any of such Parity Debt is secured by an irrevocable letter of credit issued by a bank having a combined capital and surplus of at least one hundred million dollars ($100,000,000), the principal payments or deposits with respect to such Parity Debt nominally due in the last Fiscal Year in which such Parity Debt matures may, at the option of the Agency, be treated as if they were due as specified in any loan agreement or reimbursement agreement issued in connection with such letter of credit or pursuant to the repayment provisions of such letter of credit and interest on such Parity Debt after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan agreement or reimbursement agreement or repayment provisions;

(4) if any of such Parity Debt is not secured by a letter of credit as described in clause (iii) and 20% or more of the original principal of such is not due until the final stated maturity of such Parity Debt, such principal may, at the option of the Parity Debt, be treated as if it were due based upon a level amortization of such principal over the term of such Parity Debt or twenty-five (25) years, whichever is greater;

(5) if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Parity Debt to which it relates, no amounts payable under such interest rate swap in excess of debt service payable under such Parity Debt agreement shall be included in the calculation of Debt Service unless the sum of (A) the interest payable on such Parity Debt, plus (B) the amounts payable by the Agency under such interest rate swap agreement, are greater than the interest payable on such Parity Debt, in which case the amount of such payments to be made that exceed the interest to be paid on such Parity Debt shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in clause (ii);

(6) Repayment obligations proposed to be entered into as Parity Debt shall be deemed to be payable at the scheduled amount due under such repayment obligation as calculated under this definition, and as used in this paragraph, "repayment obligation" means the reimbursement obligation or any other payment obligation of the Agency under a written agreement between the Agency and a credit provider to reimburse the credit provider for

amounts paid pursuant to a credit facility for the payment of the principal amount or purchase price of and/or interest on any Parity Debt.

Validity of Loan. The validity of the Loan shall not be dependent upon the completion of any project or upon the performance by any person of his or her obligation with respect to any project.

Additional Payments. In addition to the Loan Payments required to be made by the Agency, the Agency shall also pay to the Trustee or to the Authority, as the case may be, the following (the "Additional Payments"):

(a) All taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received under the Loan Agreement or in any way arising due to the transactions contemplated by the Loan Agreement (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding any taxes based upon the capital and/or income of the Trustee or any other person other than the Agency; provided, however, that the Agency shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as the case may be, at the Agency's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Agency shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would materially adversely affect the rights or interests of the Authority or the Trustee;

(b) The reasonable annual (or other regular) fees and expenses of the Trustee, and all reasonable fees, charges, out-of-pocket costs, and expenses of the Trustee for any extraordinary services rendered by the Trustee under the Trust Agreement as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements or opinions or provide such other services as are reasonably required under the Loan Agreement, the Trust Agreement or the Tax Certificate;

(d) Reasonable expenses of the Authority in connection with the loan to the Agency under the Loan Agreement, the Bonds, the Trust Agreement or any other documents contemplated by the Loan Agreement or thereby, including without limitation reasonable expenses incurred by the Authority's counsel in connection with any litigation which may at any time be instituted involving such loan or the Bonds, the Trust Agreement or any other documents contemplated by the Loan Agreement or thereby and reasonable expenses incurred by the Authority in supervision and inspection of the Agency and its operations with respect to the use and application of such loan; and

(e) Such amounts as may be necessary to satisfy the rebate requirements in accordance with the Tax Certificate; and

(f) Amounts payable to Bond Insurer under the Financial Guaranty Agreement to the extent not paid by the Authority from Loan Payments.

Such Additional Payments shall be billed to the Agency by the Authority or the Trustee from time to time, together with (i) a statement executed by a duly authorized officer or agent of the Authority or the Trustee, as the case may be, stating that the amount billed has been incurred or paid by the Authority or the Trustee for one or more of the above items and (ii) a copy of the invoice or statement for the amount so incurred or paid. Amounts so billed shall be paid by the Agency within thirty (30) days after receipt of the bill by the Agency. Payment by the Agency to either the Authority or the Trustee of the amount so billed by either such party shall fulfill such payment obligation of the Agency.

Pledge of Pledged Tax Revenues; Application of Funds

Pledge of Pledged Tax Revenues and Special Fund. The Loan and all Parity Debt shall be equally and ratably secured by a pledge of and first lien on all of the Pledged Tax Revenues and all amounts in the Special Fund, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

The Pledged Tax Revenues and all amounts in the Special Fund are pledged in their entirety to the payments required under the Loan Agreement. The Pledged Tax Revenues and all amounts in the Special Fund shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency.

Neither the Loan nor the Loan Agreement is a debt of the Authority, the Community, the State or any of its political subdivisions (other than the Agency) and neither the Authority, the State nor any of its political subdivisions (other than the Agency) is liable thereon, nor in any event shall the Loan be payable out of any funds or properties other than Pledged Tax Revenues of the Agency and amounts in the Special Fund as provided under the Loan Agreement. Neither the Loan nor the Loan Agreement constitutes an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Agency nor any persons executing the Loan Agreement are liable personally on the Loan or the Loan Agreement.

Special Fund; Deposits. In order to carry out its obligation to repay the Loan, the Agency agrees and covenants that it shall establish a Special Fund. In each Fiscal Year, the Agency shall deposit in trust in the Special Fund an amount of Pledged Tax Revenues equal to the Debt Service payable on March 1 of such Fiscal Year and September 1 of the next succeeding Fiscal Year. The Pledged Tax Revenues in each Fiscal Year shall not be applied to any other purpose until such time as such deposit has been fully made. The Special Fund is pledged and a first security interest granted therein and all money on deposit in the Special Fund shall be applied and used only as provided under the Loan Agreement. All money on deposit in the Special Fund shall be used to pay Debt Service. After making all the set asides and payments required to be made in each Fiscal Year, the Agency may expend in such Fiscal Year any remaining money in the Special Fund for any lawful purpose of the Agency. The Agency agrees and covenants to maintain the Special Fund so long as the Loan remains unpaid.

Pledge of Pledged Tax Revenues; Application of Funds

Pledged Funds; Limited Obligation. The Agency expects that in each year Pledged Tax Revenues will equal or exceed the then current year's payments due under the Loan Agreement, and such payments will be treated as paid from then current Pledged Tax Revenues. The Agency shall have no obligation to use any funds other than the Pledged Tax Revenues and amounts in the Special Fund, directly or indirectly, to pay principal of or interest on the Loan; and (ii) no funds other than the Pledged Tax Revenues and amounts in the Special Fund are pledged as security for the Loan.

Representations and Warranties of the Agency

Agreement Valid and Binding; Approval by Legislative Body of Community. The Loan Agreement has been duly authorized, executed and delivered by the Agency and constitutes the legal, valid and binding obligation of the Agency, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally. The legislative body of the Community has authorized the Agency to enter into the Loan Agreement and to accept the Loan under the Loan Agreement.

No Conflict in Execution of Agreement. The execution and delivery by the Agency of the Loan Agreement and compliance with the provisions of the Loan Agreement will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, by-law or any agreement to which the Agency is subject or by which it is bound or by which its properties may be affected.

No Consent, Approval or Permission Necessary. No consent or approval of any trustee or holder of any indebtedness of the Agency, and no consent, permission, authorization, order or licenses of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Loan Agreement or the consummation of any transaction contemplated in the Trust Agreement, except as have been obtained or made and as are in full force and effect.

Pledge and First Lien. The pledge of the Pledged Tax Revenues and amounts in the Special Fund constitute a valid pledge of and a first lien on all of the Pledged Tax Revenues and amounts in the Special Fund to secure the Loan and all Parity Debt.

Establishment of Project Area. The Project Area has been duly established pursuant to the Redevelopment Plan and the Redevelopment Plan is in full force and effect and the Agency is in compliance with the Redevelopment Plan and the Law.

Affirmative Covenants of the Agency

Punctual Payment. The Agency will punctually pay, or cause to be paid, all payments required under the Loan Agreement in strict conformity with the terms of the Loan Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Loan Agreement.

Payment of Claims. The Agency from time to time will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies, which, if unpaid, might become liens or charges upon the Pledged Tax Revenues or any part thereof, or upon any funds in the hands of the Authority, or which might impair the security of the Loan. Nothing in the Loan Agreement shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

Protection of Security and Rights. The Agency will preserve and protect the security of the Loan and the rights of the Authority. From and after the date of the Loan Agreement, the Loan Agreement shall be incontestable by the Agency.

Management of Properties. The Agency will manage and operate all properties owned by the Agency and comprising any part of the Project Area in a sound and business-like manner and in conformity with all valid requirements of any governmental authority relative to the Project Area or any part thereof, and will keep such properties insured at all times in conformity with sound business practice.

Tax Covenants. (a) The Agency shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Series 2003A Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Agency covenants that it shall comply with the requirements of the Tax Certificate, which is incorporated in the Loan Agreement as if fully set forth in the Loan Agreement. This covenant shall survive the payment in full or the defeasance of the Series 2003A Bonds.

(b) In the event that at any time the Agency is of the opinion that for purposes of this section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Agency shall so instruct the Authority and the Trustee in a Request of the Agency accompanied by an Opinion of Counsel.

(c) Notwithstanding any provisions of this section, if the Agency provides to the Trustee and the Authority an Opinion of Counsel to the effect that any specified action required under the provision under this heading is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2003A Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of the provision under this heading and the Tax Certificate, and the covenants under the Loan Agreement shall be deemed to be modified to that extent.

Taxation of Leased Property. Whenever any property in the Project Area is redeveloped by the Agency and thereafter is leased by the Agency to any person or persons, or whenever the Agency leases any real property in the Project Area to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately-owned property (in accordance with the Law), and the lease or contract shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of the leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease shall be less than the taxes that would have been payable upon the entire property if the property were assessed and taxed in the same manner as privately-owned property, the lessee shall pay such difference to the

Agency within thirty (30) days after the taxes for such year become payable, and in any event prior to the delinquency date of such taxes established by law; provided, that this paragraph shall not apply to the property known as Contra Costa County Assessor's Parcel Nos. 560-270-056 (Ford Building).

Assumption of Loan Agreement. The obligations of the Agency under the Loan Agreement may not be assumed by another entity except in connection with a transfer of the entire Project Area by the Agency and only upon prior written approval of the Authority and the Bond Insurer and:

(i) an opinion of counsel experienced in matters relating to the tax-exempt status of interest on any obligations secured by the Loan Agreement, and approved by the Authority, to the effect that such transfer would not cause interest on the obligations to be included in gross income for federal income tax purposes;

(ii) a Report signed by an Independent Consultant concluding that such transfer would not materially adversely affect the security for the Loan or the rights of the Authority; and

(iii) evidence sufficient to the Authority that the entity assuming the Loan is eligible pursuant to the Act and the Law.

Payment from Tax-Exempt Debt. The Agency covenants to notify the Authority, the Trustee, and the Bond Insurer before making any repayment or prepayment of the Loan Agreement from the proceeds of any tax-exempt debt incurred by the Agency.

Continuing Disclosure. The Agency covenants to furnish certain financial and operating data pertaining to the Agency that it may be required to enable the underwriter of the Bonds to comply with Rule 15c2-12(b)(5) of the Securities and Exchange Agency, as the same may be amended.

Notice of Default and Event of Default. The Agency covenants that it will deliver to the Authority, the Trustee and the Bond Insurer, immediately after the Agency shall have obtained knowledge of the occurrence of an Event of Default or default under the Loan Agreement, the written statement of an authorized officer of the Agency setting forth the details of such Event of Default or default and the action which the Agency proposes to take with respect thereto.

Statements of Indebtedness. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Pledged Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County.

Cumulative Tax Revenue Limit. The Agency covenants that it will not accept Pledged Tax Revenues greater than Debt Service, in any year, if such acceptance will cause the amount remaining under any then-applicable tax increment limit in the Redevelopment Plan to fall below remaining cumulative Debt Service, except for the purpose of depositing such revenues in escrow for the payment of the Loan and interest on and principal of and redemption premiums, if any, on Parity Debt.

Negative Covenants of the Agency

Limitation on Additional Debt. The Agency covenants that, until the Loan has been paid and discharged pursuant to the Loan Agreement, the Agency shall not after the date of the Loan Agreement issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any loans, advances or indebtedness, which are in any case secured by a lien on all or any part of the Pledged Tax Revenues that is superior to or on a parity with the lien established under the Loan Agreement for the security of the Loan, excepting only Parity Debt and bonds under the Senior Harbour Indenture as permitted pursuant to the Loan Agreement. Nothing in the Loan Agreement is intended nor shall be construed in any way to prohibit or impose any limitations upon the issuance or incurrence by the Agency of Subordinate Debt or of loans, bonds, notes, advances or other indebtedness that is not secured by tax increment revenues of the Project Area.

Notwithstanding any other provision of the Loan Agreement or of the Senior Harbour Indenture, the Agency covenants that it will not issue any additional bonds under the Senior Harbour Indenture unless the Agency

files with the Trustee a report of an Independent Consultant to the showing that, after giving effect to the issuance of such additional bonds, the Agency would be in compliance with the requirements of the Loan Agreement with respect to the Loan and any Parity Debt as if the Loan and any such Parity Debt were issued simultaneously with the issuance of such additional bonds.

Disposition of Property. The Agency will not, except as otherwise provided in the Loan Agreement, authorize the disposition of any real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except for public ownership or use contemplated by the Redevelopment Plan in effect on the date of adoption of the Loan Agreement, or property to be used for public streets or public off-street parking facilities or easements or rights of way for public utilities, or other similar uses) if such dispositions, together with all similar prior dispositions on or subsequent to the effective date of the Loan Agreement, shall comprise more than ten per cent (10%) of the land area in the Project Area. If the Agency proposes to make any such disposition which, together with all similar dispositions on or subsequent to the effective date of the Loan Agreement, shall comprise more than ten per cent (10%) of the land area in the Project Area, it shall cause to be filed with the Authority and the Bond Insurer a Report of an Independent Consultant on the effect of such proposed disposition. If the Report concludes that the Pledged Tax Revenues will not be materially reduced by such proposed disposition, the Agency may proceed with such proposed disposition upon the consent of the Bond Insurer. If the Report concludes that Pledged Tax Revenues will be materially reduced by such proposed disposition, the Agency shall as a condition precedent to proceeding with such proposed disposition, require that such new owner or owners either:

(1) deposit in the Special Fund, so long as the Loan remains unpaid, an amount equal to the amount that would have been received by the Agency as Pledged Tax Revenues if such property were assessed and taxed in the same manner as privately-owned non-exempt property, which payment shall be made within thirty (30) days after taxes for each year would become payable to the taxing agencies for non-exempt property and in any event prior to the delinquency date of such taxes established by law; or

(2) deposit to the Special Fund a single sum equal to the amount estimated by an Independent Consultant to be receivable from taxes on such property from the date of such payment to the final maturity of the Loan, less expected earnings on such amount calculated at 5% per annum.

Nondiscrimination. During the performance of the Loan Agreement, Agency, any contractor and its subcontractors shall not deny the contracts' benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age or sex. The Agency, any contractor and its subcontractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

Amendment of Redevelopment Plan. The Agency will not amend the Redevelopment Plan except as provided under the Loan Agreement. If the Agency proposes to amend the Redevelopment Plan, it shall cause to be filed with both the Authority and the Bond Insurer a Report of an Independent Consultant on the effect of such proposed amendment. If the Report concludes that Pledged Tax Revenues will not be materially reduced by such proposed amendment, the Agency may undertake such amendment. If the Report concludes that Pledged Tax Revenues will be materially reduced by such proposed amendment, the Agency may not undertake such proposed amendment without the prior written consents of the Authority and the Bond Insurer. Any such amendments consented to by the Bond Insurer must be sent to the Rating Agency. For purposes of the Loan Agreement, a valuation of Pledged Tax revenues in excess of 5% shall be deemed material.

Events of Default and Remedies

Events of Default and Acceleration of Loan. The following events shall constitute Events of Default:

(a) failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the Loan pursuant to the when and as the same shall become due and payable;

(b) the occurrence of an event of default with respect to any Parity Debt which causes all principal of such Parity Debt to become due and payable immediately;

(c) failure by the Agency to observe and perform any of the covenants, agreements or conditions on its part contained in the Loan Agreement, other than as referred to in the preceding subsection (a), for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the Agency by the Authority, or to the Agency and the Authority; provided, however, that if the failure stated in such notice can be corrected, but not within such 60-day period, the Authority may consent to an extension of such time if corrective action is instituted by the Agency within such 60-day period and diligently pursued until such failure is corrected;

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

(e) any representation or other written statement made by the Agency contained in the Loan Agreement or in any instrument furnished in compliance with or in reference thereto shall prove to have been incorrect in any material respect.

If an Event of Default has occurred and is continuing, the Authority may, with the consent of the Bond Insurer, (1) declare the principal of the Loan, together with the accrued interest on all unpaid installments thereof, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Loan Agreement to the contrary notwithstanding, and (2) exercise any other remedies available to the Authority in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the Authority shall give notice of such Event of Default to the Agency by telephone, telecopier, facsimile or other telecommunication device, promptly confirmed in writing sent by U.S. mail. This provision, however, is subject to the condition that if, at any time after the principal of the Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Authority a sum sufficient to pay all installments of principal of the Loan matured prior to such declaration and all accrued interest thereon, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Loan, and the reasonable expenses of the Authority (including but not limited to attorneys fees), and any and all other defaults known to the Authority (other than in the payment of principal of and interest on the Loan due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then, and in every such case, the Authority may, with the consent of the Bond Insurer or shall upon the direction of the Bond Insurer, by written notice to the Agency, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Application of Funds upon Default. All amounts received by the Authority pursuant to any right given or action taken by the Authority under provisions of the Loan Agreement, or otherwise held by the Authority upon the occurrence of an Event of Default, shall be applied by the Authority in the following order:

First, to the payment of the costs and expenses of the Authority, including reasonable compensation to their agents, attorneys and counsel; and

Second, to the payment of the whole amount of interest on and principal of the Loan and any Parity Debt then due and unpaid, with interest on overdue installments of principal and interest at the rate of the lesser of 12% per annum or the maximum rate permitted by law; provided, however, that in the event such amounts shall be insufficient to pay in full the amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first, to the payment of all installments of interest on the Loan and any Parity Debt then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full;

(b) second, to the payment of principal of all installments of the Loan and any Parity Debt then due and unpaid, other than principal having come due and payable solely by reason of acceleration pursuant to the Trust Agreement on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full;

(c) third, to the payment of principal of the Loan and any Parity Debt then due and unpaid and having come due and payable solely by reason of acceleration under the Loan Agreement or otherwise, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full; and

(d) fourth, to the payment of interest on overdue installments of principal and interest on the Loan and any Parity Debt, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full.

No Waiver. Nothing in the Loan Agreement shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged under the Loan Agreement, all payments due under the Loan Agreement, or affect or impair the rights of action, which are also absolute and unconditional, of the Authority and the Bond Insurer to institute suit to enforce such payment by virtue of the contract embodied in the Loan Agreement.

A waiver of any default by the Authority or the Bond Insurer shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the Authority or the Bond Insurer to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Authority and the Bond Insurer by the Loan Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority and the Bond Insurer.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Authority, the Agency and the Authority shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Assignment. The Loan Agreement will be assigned by the Authority to the Trustee pursuant to the Trust Agreement and the Agency consents to such assignment. The Agency further agrees to include the Trustee in the indemnity provision of the Loan Agreement to the same extent as provided to the Authority.

Benefits Limited to Parties. Nothing in the Loan Agreement, expressed or implied, is intended to give to any person other than the Agency, the Authority, and the Bond Insurer any right, remedy or claim under or by reason of the Loan Agreement. All covenants, stipulations, promises or agreements contained in the Loan Agreement by and on behalf of the Agency shall be for the sole and exclusive benefit of the Authority and the Bond Insurer.

Miscellaneous

Discharge of Loan Agreement. If the Agency shall pay and discharge the entire indebtedness under the Loan Agreement by paying or causing to be paid the principal of, interest and prepayment premium (if any) and expenses on the Loan, as and when the same become due and payable; then, at the election of the Agency, but only if all other amounts then due and payable under the Loan Agreement shall have been paid or provision for their payment made, the pledge of and lien upon the Pledged Tax Revenues and other funds provided for in the Loan Agreement and all other obligations of the Authority and the Agency under the Loan Agreement with respect to the Loan shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Authority, from the amounts so deposited with the Authority or such other fiduciary, all sums due with respect to the Loan Agreement and all expenses and costs of the Authority. Notice of such election shall be filed with the Authority and the Bond Insurer.

Any funds thereafter held by the Authority under the Loan Agreement, which are not required for said purposes, shall be paid over to the Agency.

All or any portion of unpaid principal installments of the Loan payment shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in this section (except that the Agency shall remain liable for such Loan payment, but only out of such money or securities deposited with the Authority for such payment), if (i) there shall have been deposited with the Authority either money in an amount which shall be sufficient, or Defeasance Securities (as defined in the Trust Agreement which are not subject to redemption prior to maturity except by the holder thereof (including any such securities issued or held in book entry form), the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the Authority, shall be sufficient to pay when due the principal installments of such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto, and (ii) an opinion of nationally recognized bond counsel acceptable to the Authority is filed with the Authority to the effect that the action taken pursuant to this paragraph will not cause the interest on the Bonds to be includable in gross income under the Code for federal income tax purposes.

Amendment. The Loan Agreement may only be amended by the parties in writing, subject to the provisions of the Trust Agreement.

Waiver of Personal Liability. No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or the interest under the Loan Agreement; but nothing in the Loan Agreement contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Payment on Business Days. Whenever in the Loan Agreement any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day and no further interest shall accrue.

Indemnification. The Agency shall, to the extent permitted by law, indemnify and hold harmless the Authority, the Trustee and their members, directors, officers, employees and agents, from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever, including, but not limited to, losses, claims, damages, liabilities or expenses arising out of, resulting from or in any way connected with (1) the Loan Agreement, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of any project financed by the Loan or any part thereof; (2) the carrying out of any of the transactions contemplated by the Loan Agreement or any related document; (3) information provided by the Agency which is used in the offering for sale of the Bonds; or (4) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance on or near, the projects financed by the Loan. The Agency shall, to the extent permitted by law, pay or reimburse the Authority and its members, directors, officers, employees and agents for the Agency's pro rata share of any and all reasonable costs, reasonable attorneys' fees, liabilities or expenses incurred in connection with investigating, defending against or otherwise in connection with any such losses, claims, damages, liabilities, expenses or actions. Notwithstanding anything to the contrary in the Loan Agreement, the Authority shall not be entitled to payment, reimbursement or indemnification with respect to actions involving willful misconduct, default or gross negligence on the part of the Authority. The provisions of this paragraph shall survive the discharge of the Agency's obligations under the Loan Agreement and shall apply to any trustee or other assignee covered under the Loan Agreement.

Bond Insurer as Third Party Beneficiary. To the extent that the Loan Agreement confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Loan Agreement, the Bond Insurer is explicitly recognized as being a third-party beneficiary under the Loan Agreement and may enforce any such rights, remedy or claim conferred, given or granted thereunder.

APPENDIX C

BOOK ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York 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). One fully registered Bond certificate will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC 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.

Purchases of 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, but 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may with 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 Cede & Co. if less than all of the Bonds within an issue are being redeemed. DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal and interest payments 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 Agency on a 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 each Participant and not of DTC nor its nominee, the Agency or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest and accreted value, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority, the Agency or the Trustee, or the Authority or the Agency may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered and will be subject to the registration, transfer and exchange provisions provided for in the Trust Agreement.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Agency believe to be reliable, but the Authority and the Agency take no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of August 1, 2003, is executed and delivered by the Richmond Redevelopment Agency (the "Agency") and Union Bank of California, N.A., as trustee and in its capacity as dissemination agent hereunder (the "Trustee" and "Dissemination Agent") in connection with the issuance by the Richmond Joint Powers Financing Authority (the "Authority") of its $16,080,000 aggregate principal amount of Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds") and its $12,500,000 aggregate principal amount of Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds" and, together with the Series 2003A Bonds, the "Bonds"). The Bonds are being issued pursuant to Resolution No. 03-01 of the Authority and Resolution No. 03-24 of the Agency, each adopted July 22, 2003, and a Trust Agreement, dated as of August 1, 2003 (the "Trust Agreement"), between the Authority and the Trustee. The Agency, the Dissemination Agent and the Trustee covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency, the Dissemination Agent and the Trustee for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement and the Loan Agreement, dated as of August 1, 2003 (the "Loan Agreement"), between the Agency and the Authority, described in the Official Statement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

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

"Disclosure Representative" shall mean with respect to the Agency, the Chief Executive Officer of the Agency or the Redevelopment Agency Director or his or her designee, or such other officer or employee as the Agency shall designate in writing to the Trustee and the Dissemination Agent from time to time.

"Dissemination Agent" means Union Bank of California, N.A., acting in its capacity as Dissemination Agent hereunder or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Trustee a written acceptance of such designation.

"Fiscal Year" shall mean with respect to the Agency, the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month. or fifty-two week period hereafter selected by the Agency, with notice of such selection or change in fiscal year to be provided as set forth herein.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information regarding the National Repositories as of a particular date is available on the Internet at www.sec.gov/consumer/nrmsir.htm

"Repository" means each National Repository and each State Repository.

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

"State Repository" means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

"Underwriter" means the original underwriter of the Bonds.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Agency's Fiscal Year (presently June 30), commencing with the report for the 2002-03 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Agency may be submitted from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if it is not available by that date. If the Fiscal Year changes for the Agency, the Agency shall give notice of such change in the same manner as for a Listed Event under Section 5(f) hereof.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Agency shall provide its Annual Report to the Dissemination Agency and Trustee. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report from the Agency, the Dissemination Agent shall notify the Agency of such failure to receive the report. The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) Unless the Agency has done so pursuant to Section 3(a) above, the Dissemination Agent shall:

(i) determine the name and address. of each National Repository and each State Repository, if any, each year prior to the date for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the Authority or the Agency, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement dated August 14, 2003, relating to the Bonds):

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Agency's

audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following additional items:

1. Annual Debt Service Requirements, but only in the event of any unscheduled redemption, defeasance or new issue;

2. Table 1 - Historical Taxable Values and Tax Increment Revenues – Project Area;

3. Table 2 - Ten Major Property Tax Assessees – Project Area;

4. Table 3 - Projection of Incremental Tax Revenue – Project Area; and

5. Table 7 – Projected Debt Service Coverage.

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

Section 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the security;

7. Modifications to rights of security holders;

8. Bond calls;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Bonds;

11. Rating changes.

(b) Promptly after obtaining actual knowledge of the occurrence of any of the Listed Events at the principal corporate trust office of the Trustee in San Francisco, California, the Trustee shall contact the Authority and the Agency at their notice addresses in the Trust Agreement, inform them of the event, and request that the Agency or the Authority promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f) and promptly direct the Trustee whether or not to report such event to the Bondholders. In the absence of such direction the Trustee shall not report such event unless otherwise required to be reported by the Trustee to the Bondholders under the Trust Agreement. The Trustee may conclusively rely upon such direction (or lack thereof). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Trust Agreement. The Trustee shall have no responsibility to determine the materiality of any of the Listed Events.

(c) Whenever the Agency obtains knowledge of the occurrence of any Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Agency or the Authority shall determine as soon as possible if such event would constitute material information for Holders of Bonds within the meaning of the federal securities laws.

(d) If the Agency has determined that knowledge of the occurrence of a Listed Event would be material, the Agency shall notify the Dissemination Agent promptly in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Agency determines that the Listed Event would not be material, the Agency shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Trust Agreement and notice of any other Listed Event is only required following the actual occurrence of the Listed Event; and

(g) The Dissemination Agent may rely conclusively on an opinion of counsel that the Agency'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 Agency, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

Section 7. Dissemination Agent. From time to time, the Agency may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Union Bank of California, N.A. The Dissemination Agent may resign by providing thirty (30) days written notice to the Agency and the Trustee (if the Trustee is not the Dissemination Agent). The Dissemination Agent shall have not duty to prepare any information report

nor shall the Dissemination Agent by responsible for filing any report not provided to it by the Agency in a timely manner and in a form suitable for filing.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Agency which does not impose any greater duties nor any greater risk of liability on the Trustee or Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

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

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) in the opinion of the Trustee or nationally recognized bond counsel, does not materially impair the interests of the holders or beneficial owners of the Bonds.

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

Section 10. Default. In the event of a failure of the Agency or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may and, at the request of the Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Article VI of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement and the Agency agrees to indemnify and hold harmless the Dissemination Agent and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, and Trustee, their officers, directors,

employees and agents, harmless against any loss, expense and liabilities which any of them may incur arising out of or in the exercise of performance of their respective powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or Trustee's respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with an agreed upon schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall both be deemed to be acting in any fiduciary capacity for the Agency, the Bondholders, or any other party under this Disclosure Agreement. Neither the Trustee or the Dissemination Agent shall have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Disclosure Agreement. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. Any company succeeding to all or substantially all of the Dissemination Agent's business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper on any further act.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, the Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. Neither the Trustee not the Dissemination Agent shall be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

Section 13. California Law. This Disclosure Agreement shall be constructed and governed in accordance with the laws of the State of California.

Section 14. Notices. All written notices to be given hereunder shall be given in person or by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

To the Agency:	Richmond Redevelopment Agency City Hall, Room 301 2600 Barrett Avenue Richmond, California 94804 Attention: Executive Director Fax: (510) 307-8149
	(with copies to the City Attorney and the Treasurer)
To the Trustee and Dissemination Agent:	Union Bank of California, N.A. 475 Sansome Street, 12th Floor San Francisco, California 94111 Attention: Corporate Trust Department Fax: (510) 296-6757

The Trustee, the Dissemination Agent and the Agency may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Unless specifically otherwise required by the context of this Disclosure Agreement, any notices required to be given hereunder to the Trustee, the Dissemination Agent or the Agency may be given by

any form of electronic transmission capable of producing a written record. Each such party shall file with the Trustee information appropriate to receiving such form of electronic transmission.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

RICHMOND REDEVELOPMENT AGENCY

By:_____
Redevelopment Agency Director

UNION BANK OF CALIFORNIA, N.A., as
Trustee and Dissemination Agent

By:_____
Authorized Officer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD AND STATE REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Richmond Joint Powers Financing Authority

Name of Bond Issue: Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and
Tax Allocation Revenue Bonds, Series 2003B (Taxable)

Date of Issuance: August 27, 2003

NOTICE IS HEREBY GIVEN that the Richmond Redevelopment Agency (the "Agency") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of August 1, 2003 executed by the Agency for the benefit of the holders and beneficial owners of the above-referenced bonds. The Agency anticipates that the Annual Report will be filed by _____.

Dated:

RICHMOND REDEVELOPMENT AGENCY

By:_____
Its:_____

cc: Richmond Joint Powers Financing Authority
2600 Barrett Avenue
Richmond, California 94804

Union Bank of California, N.A.
475 Sansome Street,
12th Floor San Francisco, California 94111

APPENDIX E

PROPOSED FORM OF BOND COUNSEL FINAL OPINION

Upon delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, proposes to render its final opinion with respect to the Bonds in substantially the following form:

[Date of Issuance]

Richmond Joint Powers Financing Authority
Richmond, California

Re: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and Tax Allocation Revenue Bonds, Series 2003B (Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Richmond Joint Powers Financing Authority, California (the "Authority") of its $16,080,000 aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds") and $12,500,000, aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B Bonds (Taxable) (the "Series 2003B Bonds" and, together with the Series 2003A Bonds, the "Bonds") issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended, and a Trust Agreement, dated as of August 1, 2003 (the "Trust Agreement"), by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"). A Loan Agreement, dated as of August 1, 2003 (the "Loan Agreement"), by and between the Authority and the Richmond Redevelopment Agency (the "Agency") and the Trust Agreement were approved by Resolution No. 03-01 of the Authority adopted on July 22, 2003. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, the Loan Agreement, the Tax Certificate of the Authority and the Agency, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Authority, the Agency, and the Trustee, certificates of the Authority, the Agency, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement, the Loan Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. 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 Authority and the Agency. 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 Trust Agreement, the Loan 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 Series 2003A Bonds to be included in gross income for federal income tax purposes.

In addition, we call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Loan 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 exercise of powers authorities and redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. 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 valid and binding limited obligations of the Authority.

2. The Trust Agreement has been duly adopted by, and constitutes a valid and binding obligation of the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of 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 upon the terms and conditions set forth in the Trust Agreement.

3. The Loan Agreement has been duly adopted by, and constitute, a valid and binding obligation of, the Authority and the Agency. The Loan Agreement creates valid pledge of the Pledged Tax Revenues to secure the obligation to make Loan Payments thereunder, subject to the provisions of such agreements permitting the application thereof for the purposes and upon the terms and conditions set forth therein.

4. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the City of Richmond or the State of California and the City of Richmond and the State of California are not liable for the payment thereof.

5. Interest on the Series 2003A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Series 2003A 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. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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APPENDIX F

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

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FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Assistant Secretary

SPECIMEN

STD-R-CA-6
4/95

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APPENDIX G

FISCAL CONSULTANT REPORT

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FA FRASER & ASSOCIATES

Redevelopment and Financial Consulting

225 Holmfirth Court
Roseville CA 95661

Phone: (916) 791-8958
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FISCAL CONSULTANT REPORT

Richmond Redevelopment Agency

Merged Project Area

July 2003

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Section A - Introduction

The Richmond Joint Powers Financing Authority (Authority) is considering the issuance of Tax Allocation Bonds (Bonds). The Bonds will be secured through a Loan Agreement (Loan) with the Richmond Redevelopment Agency (Agency). The Agency intends to pledge a portion of the tax increment revenues generated from the Merged Project Area (Project Area) to repayment of the Loan.

The purpose of this Fiscal Consultant Report (Report) is to provide in depth information about the tax increment revenues to be used to support repayment of the Loan. The Report includes the following sections that address various aspects of the revenue stream:

A. **Introduction**: This section provides an overview of the Report and its purpose.
B. **General Information**: Provides information on the Project Area, including a general description of the Redevelopment Plans and the financial and time limits of the nine constituent Project Areas that comprise the Merged Project Area. A brief description of the systems and procedures used by Contra Costa County for the allocation of tax increment is also included in this section.
C. **Taxable Values and Historical Revenues**: Information in this section includes a description of the categories of taxable values, the historical trends in values and revenues and the Top Ten Assessees in the Project Area.
D. **Assessment Appeals**: The findings from a review of the records of the Contra Costa County Assessment Appeals Board are included in this section.
E. **Estimate of Current and Future Revenues**: This part of the report includes the tax increment projections for the Project Area.
F. **Adjustments and Liens on Revenue**: This section provides information on and the estimated impact of adjustments and liens on the revenue stream.
G. **Other Issues**: This final section describes certain provisions of the Community Redevelopment Law (CRL) and court cases that could affect the tax increment revenues of the Project Area.

The value and revenue estimates contained in this Report are based upon information and data which we believe to be reasonable and accurate. The assessment practices and county allocation procedures discussed in this Report are based on information provided by representatives of Contra Costa County. Assessment practices and allocation procedures are set, in part, administratively and can be changed. Nothing came to our attention during this review to indicate changes are imminent. To a certain extent, the estimates of revenue are based on assumptions that are subject to a degree of uncertainty and variation and therefore we do not represent them as results that will actually be achieved. However, they have been conscientiously prepared on the basis of our experience in the field of financial analysis for redevelopment agencies.

Section B - General Information

The Merged Project Area

The Merged Project Area consists of nine formerly "independent" redevelopment project areas (Constituent Project Areas). The Constituent Project Areas were merged together for financing purposes on July 13, 1999 and include:

- No. 1-A Eastshore
- No. 1-C Potrero
- No. 3-A Galvin
- No. 6-A Harbor Gate
- No. 8-A Hensley
- No. 10-A Downtown
- No. 10-B Nevin Center
- No. 11-A Harbour
- No. 12-A North Richmond

As part of the merger process, territory was also added to Project Areas 1-A, 6-A, 8-A, 10-A, 10-B and 11-A (2000 Amendment Areas).

Also as part of the amendment, a combined tax increment limit of $521,400,000 was established. The combined limit applies to tax increment revenues received after the effective date of the ordinance (December 22, 1986) that established the limit in each of the Constituent Projects. The combined tax increment limit does not apply to the Added Area, nor to the territory that was added to Project 6-A on June 26, 1995. Those areas were added after the implementation of various changes to the Community Redevelopment Law (CRL) that were triggered by legislation commonly referred to as AB 1290. AB 1290 eliminated the need to establish a cumulative tax increment limit for new redevelopment project areas or areas that were added to existing project areas. Through the 2001-02 fiscal year, it is estimated that the Agency has received $105.6 million in tax increment for the portions of the Merged Project Area subject to the tax increment limit. Based on the projections of tax increment prepared for the Agency the cumulative tax increment limit will not be reached before the end of the period to receive tax increment for the various Constituent Project Areas.

The Agency also established a combined limit on the principal amount of bonded indebtedness that can be outstanding at any one time. That limit is $250 million and applies to the entire Merged Project Area. As of April 2003 the Agency had approximately $53 million in bonds outstanding.

AB 1290 also required that redevelopment project areas include limitations on the time period to incur and repay debt with tax increment and on the period when a redevelopment plan can be effective. Initially, a project area's time limits were the shorter of: 1) the limits contained in the redevelopment plan; or 2) the maximum time

limits included in AB 1290. Subsequent legislation (AB 1342), allowed a project area's time limits to be extended to the maximum allowed by AB 1290. The Agency used this legislation to extend certain time limits for the Constituent Project Areas. The extension of the time limits has had the impact of triggering statutory pass through payments, as discussed further in Section F of this report. The Agency further extended the date to incur debt in Project Area 11-A to January 1, 2014 as part of the amendment that merged the Constituent Project Areas. As a result, the limits to incur debt vary amongst the Constituent Project Areas with some deadlines occurring as early as 2004 and some as late as 2015.

Legislation approved in 2001 (SB 211) allows a redevelopment agency to delete the debt incurrence date from its redevelopment plan for those project areas that were adopted prior to December 31, 1993. The amendment of the redevelopment plan can be accomplished without the need to follow the noticing, hearing and documentation required for a normal plan amendment. The legislative body need only adopt an ordinance to delete the debt incurrence limit per SB 211. The Agency intends to remove the debt incurrence limit from those Constituent Project Areas shown below. The currently required amount of AB 1290 pass through payments will only be increased for the 10A Downtown Project due to the SB 211 amendment. Payments will be triggered in 2004-05, which is six years sooner than would be required if the SB 211 amendment were not processed.

Constituent Project Area	Primary Land Use	Acres	Original Adoption	Last Date to Incur Debt	Time Limit for Plan	Time Limit For TI Receipt
Pre-2004 Limit Areas						
1A Eastshore	Residential	123	8/26/1957	1/1/2004 *	1/1/2009	1/1/2019
1C Potrero	Residential	150	4/4/1960	1/1/2004 *	1/1/2009	1/1/2019
3A Galvin	Industrial	95	2/28/1955	1/1/2004 *	1/1/2009	1/1/2019
6A Harbor Gate (Original)	Industrial	118	11/8/1954	1/1/2004 *	1/1/2009	1/1/2019
8A Hensley (Original)	Industrial	90.5	5/29/1960	1/1/2004 *	1/1/2009	1/1/2019
8A Hensley (1980 Area)	Industrial	23.5	3/31/1980	1/1/2004 *	3/31/2020	3/31/2030
10A Downtown	Comm.	107	5/23/1966	1/1/2004 *	1/1/2009	1/1/2019
10B Nevin	Residential	17	9/18/1972	1/1/2004 *	9/18/2012	9/18/2022
12A North Richmond	Comm.	19	9/18/1972	1/1/2004 *	9/18/2012	9/18/2022
Post 2004 Limit Areas						
1A Eastshore (2000 Area)	Comm.	14	7/13/1999	7/13/2019	7/13/2029	7/13/2044
6A Harbor Gate (1995 Area)	Industrial	616	6/26/95	7/26/2015	7/26/2025	7/26/2040
6A Harbor Gate (2000 Area)	Industrial	16	7/13/1999	7/13/2019	7/13/2029	7/13/2044
8A Hensley (2000 Area)	Residential	666	7/13/1999	7/13/2019	7/13/2029	7/13/2044

Constituent Project Area	Primary Land Use	Acres	Original Adoption	Last Date to Incur Debt	Time Limit for Plan	Time Limit For TI Receipt
10A Downtown (2000 Area)	Comm.	174	7/13/1999	7/13/2019	7/13/2029	7/13/2044
10B Nevin (2000 Area)	Comm.	10	7/13/1999	7/13/2019	7/13/2029	7/13/2044
11 A Harbour	Comm.	964	6/09/75	1/1/2014*	6/9/2015	6/9/2025

* Shows the Constituent Project Areas where the debt incurrence limit will be deleted.

For purposes of the Authority's 2000 Tax Allocation Revenue Bonds the Constituent Project Areas had been grouped according to the date when their debt limit occurs. Those Constituent Project Areas whose last date to incur debt was January 1, 2004 are referred to as the Pre-2004 Limit Areas and those that can incur debt after this date are referred to as the Post-2004 Limit Areas. Only the Post-2004 Limit Areas will be pledged to the bond issue currently being considered. As a result, information in this report is presented only for the Post-2004 Limit Areas. It should also be noted that the 2002-03 assessed value for Project 6A Harbor Gate (1995 Area) is currently below the base year value and has not been included in the tax increment revenue estimates for the Post-2004 Limit Areas.

Shown below is a land use table for the Post-2004 Areas.

LAND USE CATEGORY SUMMARY 2002-03

	Parcels	Taxable Value	Percent of Total
Residential	1,416	$364,358,062	38.73%
Commercial	356	115,598,366	12.29%
Industrial	85	312,954,058	33.27%
Vacant Land	208	31,882,555	3.39%
Other	235	28,797,444	3.06%
Total Secured	2,300	853,590,485	90.74%
Unsecured / State Assessed		87,118,431	9.26%
Grand Total		**$940,708,916**	**100.00%**

Property Tax Allocation Procedures

The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. Incorrectly allocated revenues can result in a redevelopment project area receiving erroneous amounts of revenue. In addition, the method a county uses to allocate delinquent taxes, roll corrections and property tax refunds will impact the amount of tax increment received. For these reasons, Contra Costa County's procedures for the allocation of property taxes and tax increment were evaluated.

Contra Costa County calculates tax increment to redevelopment project areas by applying the current year secured tax rate to secured and unsecured incremental taxable value. The County also allocates unitary revenue to redevelopment projects. The allocation of unitary revenue is based on revenues received in 1987-88, adjusted by the actual growth or decline in unitary revenues on a countywide basis.

Tax increment is allocated based on 100 percent of the County calculated levy. The method is often referred to as the Teeter Plan. Under the Teeter Plan, taxing entities and redevelopment projects are shielded from the impact of delinquent property taxes. The County also does not adjust tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments.

Section F of this Report includes a discussion of the impact of the County's allocation practices on the Project Area's tax increment revenues.

Section D – Taxable Values and Historical Revenues

Taxable Values

Property is valued as of January 1 of each year. Property which is subject to taxation is valued at 100 percent of it full cash value. Locally assessed property is appraised by the county assessor's office. The State Board of Equalization (SBE) values state assessed property.

Real property consists of land and improvements and can either appear on the secured or the unsecured roll. The secured roll includes property on which the property tax levied becomes a lien on the property to secure payment of taxes. Unsecured property does not become a lien on such property, but may become a lien on other property of the taxpayer.

Locally assessed real property is subject to the provisions of Article XIII A of the California Constitution, commonly referred to as Proposition 13. Under Proposition 13, property is valued based either on its value in 1975-76 or if newly constructed or sold after this date, then on the full cash value of the property at that time. Property values may only increase annually by an inflation factor of up to 2 percent annually. The Proposition 13 value of property is sometimes referred to as the factored base year value. Pursuant to Section 51 (b) of the Revenue and Taxation Code, assessors must enroll the lesser of the market value or the factored base year value of property.

Personal property values can be classified as either secured or unsecured property. Personal property is not subject to the provisions of Proposition 13. Personal property is appraised annually at the full cash value of the property. Absent new acquisitions, the full cash value of personal property tends to decline over time as a result of depreciation. Fixtures, while categorized as real property and subject to the restrictions of Proposition 13, are also subject to declining values through depreciation.

State-assessed property is also not subject to the provisions of Proposition 13. Such property is valued by the SBE based on the full cash value of the property. State-assessed property is categorized as secured property and is either unitary or non-unitary property. Since 1987-88, unitary property has been reported on a countywide basis, with unitary revenues allocated to taxing entities and redevelopment projects pursuant to a formula contained in AB 454 (Chapter 921, Statues of 1986). State-assessed non-unitary values and railroad values are reported at the local tax rate area level.

Project Area Value Trends

Table 1 shows the historical taxable values for the Post-2004 Limit Areas over the past five years. For 1998-99 and 1999-2000 the taxable values reported for the Post-2004 Limit Areas excluded the value of the 2000 Amendment Areas, as these areas were not eligible to receive tax increment until 2000-01. As a result, the 1998-99 and 1999-2000 values understate the total value of the Post-2004 Limit Areas as it exists today and suggest that a review of growth from 2000-01 is more accurate. Taxable values have increased from $732.9 million in 2000-01 to $940.7 million in 2002/03. The total percentage change was 28 percent over the three-year period. The average annual percentage change in values was 13 percent.

Between 2000-01 and 2002-03, secured taxable values for the Post-2004 Limit Areas have increased by $197.0 million. Most of this value increase occurred in the Harbour 11A Constituent Project Area, where secured values have increased by $144.7 million since 2000-01. Value increases in the Harbour 11 A Project was largely driven by new development activity. Major new development included: the Dicon Office Campus ($65 million); the Bay West R&D development ($17.6 million); the Marina Center light industrial development ($10.2 million); and the construction of several smaller new development projects ($5.9 million). In addition, one significant transfer of ownership further increased value by approximately $14.7 million in the Harbour 11A Project.

The 2000 Amendment Areas also showed an increase in secured values by approximately $52.3 million between 2000-01 to 2002-03. Changes of ownership added almost $20 million of the value increase. New development activity also added approximately $4.0 million in new value. The balance of growth can be attributed to the allowable 2 percent inflation factor, other new investment activity, and numerous changes of ownership.

As previously stated, the 2002-03 assessed value for the Harbor Gate 6A Project (1995 Amendment) is below the base year value for the Project Area. The Project declined in value in 2002-03 by $42 million. All of this value decline is attributed to a successful assessment appeal for a parcel owned by ICI Americas, Inc. The value of the parcel declined from $72.3 million in 2001-02 to $22.8 million in 2002-03. This was the site of the Stoufter Chemical Plant, which has undergone toxic remediation. The reduction in value was due to the toxic pollution that existed on the site. The site was sold as of the end of 2002.

A parcel verification was not performed as part of our analysis of taxable values.

Historical Tax Increment Revenues

Table 1 provides information on the historical receipt of tax increment revenues in the Post-2004 Limit Areas. The initial County levy is compared to the actual receipt of tax increment (exclusive of supplemental revenues) to determine collection trends. As shown on Table 1, actual receipts of tax increment have been between 99.05 percent and 100.25 percent of the levy in the past four fiscal years for the Post-2004 Limit Areas. On average, the Agency has received approximately 99.76 percent of the levy over the past four years.

Supplemental property tax receipts are also shown on Table 1. Supplemental taxes are a function of new construction or changes of ownership since the last property tax lien date. Supplemental property taxes have ranged from $224,593 in 1998-99 to $382,448 in 2000-01. When supplemental revenues are included, the Post-2004 Limit Areas have received, on average, 104.80 percent of the levy.

Top Ten Assessees

The Top Ten Assessees in the Post-2004 Limit Areas are summarized on Table 2. Taxable value for the Top Ten Assessees represents 32.27 percent of the overall value of the Post-2004 Limit Areas.

Section E – Assessment Appeals

Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the SBE. Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If an assessee is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent annually. Appeals can also be filed pursuant to Section 51 (b) of the Revenue and Taxation Code. Under this section of the code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor.

Due to the impact that assessment appeals can have on the taxable values and tax increment revenues of a project area, a review of recently resolved and open appeals was

conducted. The review revealed open appeals in the Post-2004 Limit Areas, as shown on the table below.

	Open Appeals		
Assessee	Roll Value	Estimated Resolved Value	Value Reduction
Catellus Development (1)	24,748,689	20,541,412	4,207,277
Dicon Fiberoptics Inc.	74,899,124	62,166,273	12,732,851
Cemex / USA	2,359,053	1,958,014	401,039
FMC Corporation	1,916,950	1,591,069	325,882
Home Deport USA Inc.	9,869,322	8,191,537	1,677,785
Citi Corp North America I	831,288	689,969	141,319
Target Corp	14,790,000	12,275,700	2,514,300
Fadelli, Andrew	2,080,799	1,727,063	353,736
Total	**131,495,225**	**109,141,037**	**22,354,188**

1) Includes open appeals from 2001-02.

We have estimated the potential impact of the open appeals based on success factor ratios over the past three fiscal years in the Project Area. On average, 41 percent of applicants have been successful with appeals and have received a 40 percent reduction in value. Based on these success ratios, we have assumed a 17 percent decrease in value and a reduction in future taxable values in the Post-2004 Limit Areas of $22.4 million. For purposes of the tax increment projections discussed in Section F, we have reduced taxable value for the impact of open appeals in the 2003-04 and 2004-05 fiscal years.

Contra Costa County does not allocate refunds attributable to assessment appeals to redevelopment project areas. Therefore, we have not reduced tax increment revenues for the impact of refunds.

Section F - Estimate of Current and Future Tax Increment Revenue

Tax increment revenues are calculated by first subtracting the base year value of a project area from the current year taxable value in order to determine the incremental taxable value of the project area. Applicable tax rates are then applied to the incremental taxable value in order to determine tax increment revenues.

Unitary revenues are allocated to each Constituent Project Area based on a formula contained in AB 454. Generally, the Agency receives unitary revenues for its project areas on the basis of amounts that were received in the prior fiscal year. The prior year

allocations are adjusted annually based on changes in unitary revenue on a countywide basis.

The Agency also receives supplemental property taxes for the Constituent Project Areas on an annual basis. Due to the difficulty of estimating supplemental revenues, we have not included such revenues in the projections. Supplemental property taxes typically increase the receipt of tax increment. However, transfers of ownership and other roll corrections can sometimes trigger refunds of property taxes and cause supplemental revenues to be negative.

Current Year Revenues

Projections of current year (2002-03) tax increment revenues are shown on Table 3. The values utilized are based on information provided by Contra Costa County.

Tax increment generated from the application of the tax rate to incremental taxable value for 2002-2003 is estimated at $8,025,000 in the Post-2004 Limit Areas. Tax rates are composed of the basic one percent tax rate and debt service tax rates (tax rates levied to repay voter approved indebtedness). Debt service tax rates for 2002-03 are based on the actual rates reported by the County. The overall tax rate that we applied to total incremental taxable value equals $1.1465 per $100 of assessed value. The major portion of the debt service tax rate is levied for pension obligations for the City of Richmond, which equals $0.1400 per $100 of assessed value.

Unitary revenue for the Post-2004 Limit Areas is estimated to equal $34,756 for the 2002-03 fiscal year. The estimates are based on the County's estimate of unitary revenues in each of the Constituent Project Areas that make up the Post-2004 Limit Areas for 2002-03.

Projected Revenues

Table 4 provide a projection of tax increment revenues through the remaining period when the Agency can receive tax increment for the Harbour 11 A Constituent Project Area. Real property shown on the tables consists of locally reported secured and unsecured land and improvement values. The other property category includes personal property and state assessed values.

The future level of real and other property values has been estimated based on actual values reported by Contra Costa County for 2002-03 (see "Current Year Revenues" above). For 2003-04 and future fiscal years, we have used a 2 percent factor in the Post-2004 Limit Areas. The 2 percent factor is the maximum inflation factor that county assessors can use to increase real property values. However, in certain fiscal years, the inflation factor has been less than 2 percent overall. Should inflation not reach 2 percent in the future, tax increment could be lower than that shown on Table 4 for the Post-2004 Limit Areas.

Increases in real property values have been offset by the estimated impact of open assessment appeals. Appeals are estimated to reduce real property values by $22.4 million in the Post-2004 Limit Areas. Reductions have been reflected for 2003-2004 and 2004-05 in the projections.

Tax increment has been estimated based on the application of the current year secured tax rate to the incremental taxable value of the Project Area. Debt service tax rates typically decline each year due to the growth of taxable values within the jurisdiction that levies the tax or as the debt is retired. However, because the major debt service tax rate that is levied in the Merged Project Area is for pension obligations of the City of Richmond, it is our understanding that this rate will go on in perpetuity. Based on information provided by City staff, the tax rate has been levied at $0.1400 per $100 of assessed value since 1982-83. We have confirmed that the rate has remained constant since 1991-92. The other portion of the debt service tax rate is levied by the East Bay Park District and is estimated to decline over time based on the average annual decline since 1996-97. The final year that this tax rate can be levied is 2020, when all of the bond obligations of the District will be retired.

The Agency is not eligible to receive tax increment from debt service tax rates that were approved by the voters after January 1, 1989. The tax rates used to estimate tax increment shown on Table 4 do not include post January 1, 1989 tax rates.

Unitary revenues shown in the projection are based on the 2002-03 estimated unitary revenues to be received for the Post-2004 Limit Areas, as provided by Contra Costa County. Unitary revenues have been held constant in the projection.

Section G – Adjustments and Liens on Tax Increment

The tax increment revenues of the Post 2004 Limit Areas are subject to certain adjustments and liens, as described in this section.

Adjustments to Revenue

One adjustment to tax increment revenues is for property tax administrative fees collected by Contra Costa County. State law allows counties to charge taxing entities, including redevelopment agencies, for the cost of administering the property tax collection system. The fees have been estimated and shown on Table 4.

Housing Set-Aside

Redevelopment agencies are required to deposit not less than 20 percent of the tax increment generated in a project area into a special fund to be used for qualified low and moderate-income housing programs. The housing set-aside deposit has been deducted from gross tax increment revenues to show estimated revenues that will be available for non-housing purposes.

Tax Sharing Payments

Pursuant to 1994 legislation, AB 1290, the Agency is required to make payments to the affected taxing entities from the Post-2004 Limit Areas. The payments are calculated somewhat differently for the Harbour 11 A Project and the 2000 Amendment Areas.

The payments for the Harbour 11A Project are required because the financial and time limitations for the Redevelopment Plan were amended since AB 1290 was enacted. Pass through payments are only due on increases in tax increment revenues above levels received in 2003-04, and will commence in 2004-05. For the 2000 Amendment Areas, pass through payments are due based on the total tax increment generated in those areas. The pass through payments are based on a three tier formula, and payments are made after the Agency's deposit to its housing set-aside. The table below shows the calculation methodology for the Harbour 11A Project and the 2000 Amendment Areas.

Tier	Payment Required
Tier 1	Harbour 11A: 20% of the gross tax increment attributable to increases above the 2003-04 assessed values during the remaining term the Agency receives tax increment. 2000 Amendment Areas: 20% of total tax increment during the entire term the Agency receives tax increment.
Tier 2	Harbour 11 A: Beginning in 2014-15, an additional payment equal to 16.8% of the gross tax increment attributable to growth above 2013-14 levels. 2000 Amendment Areas: Beginning in 2011-12, an additional payment equal to 16.8% of the tax increment attributable to growth above 2010-11 levels.
Tier 3	Harbour 11 A: No Tier 3 payments are due since the Project Area will no longer be receiving tax increment in the year in which this tier is triggered. 2000 Amendment Areas: Beginning in 2031-32, an additional payment equal to 11.2% of the tax increment attributable to growth above 2030-31 levels.

For the Post-2004 Limit Areas, tax sharing payments are currently being made from the 2000 Amendment Areas. In reviewing the calculations made by the County, we have noted that the County does not include any tax increment generated from debt service tax rates in the tax sharing payment amount. The County method understates tax sharing payments by approximately $18,000 for 2002-03. For purposes of the tax sharing payment amounts shown on Tables 4, we have included tax increment generated from debt service tax rates.

Senior Harbour Debt Service

The Agency issued tax allocation bonds in 1991 and 1998 that have a senior lien on certain tax increment revenues generated in the Harbour 11A Project. Maximum Annual Debt Service on those bond issues has been deducted in order to determine Post-2004 Pledged Tax Revenues.

Section H – Other Issues

The CRL requires that as a part of the Agency's annual audit, that the legislative body be informed of any major violations of the CRL. Major violations include failure to: 1) File an independent financial audit and fiscal statement; 2) Establish time limits for each project area; 3) Establish a low and moderate income housing fund and accrue interest to the fund; 4) Initiate development of housing on real property acquired from the low and moderate income housing fund; and 5) Adopt an implementation plan. We are not aware of any instances of non-compliance.

Educational Revenue Augmentation Fund (ERAF)

Due to a shortfall in the state budget, legislation was approved (AB 1768) that requires redevelopment agencies to shift $75 million of tax increment revenues to the ERAF. The shift to ERAF will offset the need for a similar amount of state aid to education. AB 1768 requires that the shift be made for the 2002-03 fiscal year only. The legislation requires that half of the shift be calculated on the basis of the 2000-01 gross tax increment of a project area and the other half on net revenues after tax sharing payments. We have estimated the ERAF contribution at $357,000 for the Merged Project Area.

There have been additional discussions at the state level for further ERAF shifts for 2003-04 and future fiscal years. One proposal contained in the Governor's budget would shift 25 percent of the school's share of tax increment to the ERAF. The amount would be calculated net of pass through payments. The amount would increase in 5 percent increments until agencies were sending 100 percent of the schools share to the ERAF. It is estimated that this proposal would result in a loss of $1 million in tax increment for 2003-04 for the Merged Project Area, and increase over time. No specific legislation has been approved as of the date of this report.

County of Orange v. Orange County Assessment Appeals Board

This case was decided at the Superior Court level and does not represent binding precedent in any future cases. Under the facts in the case, a property owner purchased property in 1995 that was placed on the 1996-97 tax roll at $330,000, which reflected the Proposition 13 base year value. In 1997-98, the property was not increased by the allowed 2 percent inflation factor, because the Assessor believed the resulting value would have exceeded the market value of the property. For 1998-99, the Assessor found that the factored base year value of the property (the value adjusted by 2 percent per year for 1997-98 and 1998-99) was less than the market value. The Assessor therefore enrolled the factored base year value. The issue of whether the inflation adjustment can exceed 2 percent per year was ultimately brought before the Superior Court.

The Court found that, based on the facts in this case, that the inflation adjustment couldn't exceed 2 percent per year when applied to the base year value of the property. However, the Court also stated that the value of property could be increased by more than 2 percent per year "in situations described in the law". This seems to indicate that increases of value that occur under Proposition 8 appeals that exceed 2 percent per year are not included in the Court's ruling. We are not aware of any property within the Project Area that would fall under the Court's decision.

Table 1
Richmond Redevelopment Agency
Merged Project Area

Historical Taxable Values and Tax Increment Revenues
Post- 2004 Limint Areas (1)

Description	1998/99	% Change	1999/00	% Change	(2) 2000/01	% Change (2)	2001/02	% Change	2002/03	% Change
Secured	394,554,156	16.79%	425,083,564	7.74%	656,603,680	N/A	732,909,329	11.62%	853,590,485	16.47%
Utility Roll	1,468,711	23.56%	1,456,315	-0.84%	1,955,004	N/A	2,058,701	5.30%	1,905,016	-7.47%
Unsecured	67,462,964	18.52%	67,306,204	-0.23%	74,355,864	N/A	92,397,288	24.26%	85,213,415	-7.77%
TOTAL VALUE	463,485,831	17.06%	493,846,083	6.55%	732,914,548	N/A	827,365,318	12.89%	940,708,916	13.70%
Base Year Value	51,052,120		51,052,120		240,766,019		240,766,019		240,766,019	
Incremental Value	412,433,711		442,793,963		492,148,529		586,599,299		699,942,897	
Tax Increment Levy	$4,808,565		$5,086,817		$5,642,586		$6,729,618		$8,025,057	
Unitary Revenue	$67,734		$68,671		$49,275		$47,832		$59,875	
TOTAL LEVY	$4,876,299		$5,155,488		$5,691,860		$6,777,450		$8,084,932	
Actual Receipts, less Supplemental Revenue	4,872,231		5,155,702		5,706,170		6,712,809	N/A		
PERCENTAGE OF LEVY	99.92%		100.00%		100.25%		99.05%	N/A		
Supplemental Revenues	224,593		175,944		382,448		350,922	N/A		
TOTAL RECEIPTS	5,096,824		5,331,646		6,088,618		7,063,730	N/A		
PERCENTAGE OF LEVY	104.52%		103.42%		106.97%		104.22%	N/A		

Total Percentage Assessed Value Change from 2000-01 to 2002/03 (3)	28.35%
Average Percentage Assessed Value Change from 2000-01 to 2002/03 (3)	13.29%
Average Receipts as a Percentage of Levy Without Supplementals (1998/99 to 2001/02)	99.76%
Average Receipts as a Percentage of Levy With Supplementals (1998/99 to 2001-02)	104.80%

(1) Includes Project 11-A and the 2000 Amendment Areas. The 1995 amendment for Project 6-A has been excluded since it is below base.
(2) Beginning in 2000-01, the assessed value includes the 2000 Amendment Areas, since this was the first year those areas were eligible to receive tax increment. The percentage increase is overstated because of this and has not been shown.
(3) The percentage increase has been shown since 2000-01, since this was when the 2000 Amendment Areas began to receive tax increment.

Table 2
Richmond Redevelopment Agency
Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES
POST 2004 LIMIT AREAS

Assessee	Type of Use	2002-03 Taxable Value (1)	%of Total Value (2)
1) Dicon Fiberoptics Inc.	Industrial	$74,899,124	7.96%
2) Security Capital Pacific Trust	Residential	43,687,991	4.64%
3) California Oils Corporation	Industrial	31,866,622	3.39%
4) BP West Coast Products LLC	Industrial	24,383,588	2.59%
5) Tosco Corporation	Industrial	23,558,589	2.50%
6) Richmond Marina Shores II	Residential	23,119,687	2.46%
7) Gillette, Rafanelli & Nahas	Residential	23,016,444	2.45%
8) Harbour Properties LLC	Industrial	20,992,820	2.23%
9) Levin Metals Corporation	Industrial	19,058,489	2.03%
10) Marina Cove Associates	Industrial	19,016,065	2.02%
Total Valuation		**303,599,419**	**32.27%**

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2002-03 Project Area taxable value of $ 940,708,916.

Source: Contra Costa County Assessor Records

Table 3
Richmond Redevelopment Agency
Merged Project Area

ESTIMATE OF TAX INCREMENT REVENUE FOR FISCAL YEAR 2002-03
POST 2004 LIMIT AREAS *

	Taxable Value (1)
Local Secured	
Land	318,409,076
Improvements	528,462,728
Personal Property	15,946,317
Gross Local Secured	862,818,121
Exempt	9,227,636
Net Local Secured	853,590,485
State Assessed	1,905,016
Unsecured	
Land	9,008,521
Improvements	23,661,119
Personal Property	52,650,643
Total Unsecured	85,320,283
Exempt	106,868
Net Unsecured	85,213,415
Total Value	940,708,916
Base Year Taxable Value	240,766,019
Incremental Taxable Value	699,942,897
Tax Increment (2)	8,024,845
Unitary Tax Increment	34,756
Total Tax Increment Revenue	**8,059,601**
Adjustments to Tax Increment Revenue:	
Property Tax Administration Fees (3)	80,596
Liens on Tax Increment	
Housing Set-Aside (4)	1,595,801
AB 1290 Tax Sharing (5)	141,247
Senior Harbour Debt Service (6)	2,336,563
Post-2004 Pledged Tax Revenues	**$3,905,395**

* Excludes Project 6A (1995 Area) which is below base.

(1) Based on taxable values per Contra Costa County Auditor-Controller.
(2) Calculated based on the application of the actual tax rate to incremental value.
(3) Estimated based on percentage that 2001-02 actual amount represented to total tax increment.
(4) Based on 20 percent of total tax increment revenue net of adjustments.
(5) Tax sharing payments per the provisions of AB 1290.
(6) Maximum annual debt service on Senior Harbour bonds.

Table 4
Richmond Redevelopment Agency
Merged Project Area

PROJECTION OF INCREMENTAL TAX REVENUE
POST 2004 LIMIT AREAS *
(000's Omitted)

Fiscal Year	Real (1) Property	New (2) Development	Total Real Property	Other (3) Property	Total Value	Value Over Base Of $240,766	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment Revenue	Property Tax (6) Admin Fee	Housing Set-Aside	AB 1290 (7) Tax Sharing Payments	Senior Harbour (8) Debt Service	Post-2004 Pledged Tax Reveues
2002 - 2003	N/A	N/A	$870,314	$70,395	$940,709	$699,943	$8,025	$35	$8,060	$81	$1,596	$141	$2,337	3,905
2003 - 2004	876,320	0	876,320	70,395	946,715	705,949	8,092	35	8,127	81	1,609	155	2,337	3,945
2004 - 2005	882,217	0	882,217	70,395	952,612	711,846	8,158	35	8,193	82	1,622	168	2,337	3,983
2005 - 2006	899,862	0	899,862	70,395	970,257	729,491	8,358	35	8,393	84	1,662	209	2,337	4,102
2006 - 2007	917,859	0	917,859	70,395	988,254	747,488	8,562	35	8,597	86	1,702	250	2,337	4,222
2007 - 2008	936,216	0	936,216	70,395	1,006,611	765,845	8,771	35	8,806	88	1,744	292	2,337	4,345
2008 - 2009	954,940	0	954,940	70,395	1,025,336	784,570	8,983	35	9,018	90	1,786	335	2,337	4,471
2009 - 2010	974,039	0	974,039	70,395	1,044,434	803,668	9,200	35	9,235	92	1,828	379	2,337	4,599
2010 - 2011	993,520	0	993,520	70,395	1,063,915	823,149	9,421	35	9,456	95	1,872	423	2,337	4,729
2011 - 2012	1,013,390	0	1,013,390	70,395	1,083,786	843,020	9,646	35	9,681	97	1,917	479	2,337	4,852
2012 - 2013	1,033,658	0	1,033,658	70,395	1,104,053	863,287	9,876	35	9,911	99	1,962	536	2,337	4,977
2013 - 2014	1,054,331	0	1,054,331	70,395	1,124,727	883,961	10,110	35	10,145	101	2,009	594	2,337	5,105
2014 - 2015	1,075,418	0	1,075,418	70,395	1,145,813	905,047	10,349	35	10,384	104	2,056	682	2,337	5,205
2015 - 2016	1,096,926	0	1,096,926	70,395	1,167,322	926,555	10,593	35	10,628	106	2,104	772	2,337	5,308
2016 - 2017	1,118,865	0	1,118,865	70,395	1,189,260	948,494	10,841	35	10,876	109	2,153	865	2,337	5,413
2017 - 2018	1,141,242	0	1,141,242	70,395	1,211,637	970,871	11,095	35	11,129	111	2,204	958	2,337	5,519
2018 - 2019	1,164,067	0	1,164,067	70,395	1,234,462	993,696	11,353	35	11,388	114	2,255	1,054	2,337	5,628
2019 - 2020	1,187,348	0	1,187,348	70,395	1,257,744	1,016,978	11,616	35	11,651	117	2,307	1,152	2,337	5,739
2020 - 2021	1,211,095	0	1,211,095	70,395	1,281,490	1,040,724	11,864	35	11,899	119	2,356	1,249	2,337	5,838
2021 - 2022	1,235,317	0	1,235,317	70,395	1,305,712	1,064,946	12,140	35	12,175	122	2,411	1,351	2,337	5,955
2022 - 2023	1,260,024	0	1,260,024	70,395	1,330,419	1,089,653	12,422	35	12,457	125	2,466	1,454	2,337	6,075
2023 - 2024	1,285,224	0	1,285,224	70,395	1,355,619	1,114,853	12,709	35	12,744	127	2,523	1,560	0	8,533
2024 - 2025	1,310,929	0	1,310,929	70,395	1,381,324	1,140,558	13,002	35	13,037	130	2,581	1,668	0	8,657

* Excludes Project 6A (1995 Area) which is below base.

(1) Prior Year Real Property increased by 2 percent per year. Values for 2003-04 and 2004-05 reduced for open appeals.
(2) No New Development included in the analysis.
(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
(4) Based on the application of Project Area tax rates to the total incremental taxable value.
(5) Based on amount reported by Contra Costa County for 2002-03.
(6) Property tax administration fees are based on 1.14 percent of tax increment, which is the percentage that such fees represented in 1999-2000.
(7) Tax sharing payments per AB 1290.
(8) Maximum annual debt service on Senior Harbour bonds.

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APPENDIX H

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2002

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Richmond Redevelopment Agency

Richmond, California

Component Unit Financial Statements and Independent Auditors' Reports

For the year ended June 30, 2002

C&L
Caporicci & Larson
Certified Public Accountants

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Richmond Redevelopment Agency
Component Unit Financial Statements
For the year ended June 30, 2002

Table of Contents

Page

Independent Auditors' Report 1

Component Unit Financial Statements:

Combined Balance Sheet – All Governmental Fund Types and Account Groups 4

Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types 6

Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual– General Fund 7

Notes to Component Unit Financial Statements 9

Supplementary Information:

Debt Service Funds:

Combining Balance Sheet 29

Combining Balance Sheet – Merged Project Area Debt Service Fund 30

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 33

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Merged Project Area Debt Service Fund 34

Capital Projects Funds:

Combining Balance Sheet 39

Combining Balance Sheet – Merged Project Area Capital Projects Fund 40

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 43

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Merged Project Area Capital Projects Fund 44

Independent Auditors' Report on Compliance 47

C&L
Caporicci & Larson
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Richmond Redevelopment Agency
Richmond, California

We have audited the component unit financial statements of the Richmond Redevelopment Agency (Agency), a component unit of the City of Richmond, as of and for the year ended June 30, 2002, as listed in the foregoing table of contents. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United Stares. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2002, and the results of its operations and changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplementary information listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the component unit financial statements of the Agency. This additional information is the responsibility of the Agency's management. Such additional information has been subjected to the auditing procedures applied in the audit of the component unit financial statements, and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

Caporicci & Larson

Oakland, California
March 7, 2003

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COMPONENT UNIT FINANCIAL STATEMENTS

Richmond Redevelopment Agency
Combined Balance Sheet
All Governmental Fund Types and Account Groups
June 30, 2002

	Governmental Fund Types		
	General	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS			
Assets:			
Cash, cash equivalents and investments	$ 875,367	$ 4,506,304	$ 8,798,002
Restricted cash, cash equivalents and investments	-	2,303,994	25,243,465
Interest and other receivables	120,484	30,890	466,850
Advances to other funds	-	-	360,408
Notes receivable	1,421,727	-	992,894
Prepaid and other assets	1,004	-	10,416
Property, plant and equipment, net	-	-	-
Total assets	2,418,582	6,841,188	35,872,035
Other Debits:			
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-
Total other debits	-	-	-
Total assets and other debits	$ 2,418,582	$ 6,841,188	$ 35,872,035
LIABILITIES, FUND BALANCES AND OTHER CREDITS			
Liabilities:			
Accounts payable and accrued liabilities	$ 110,834	$ 78,319	$ 936,178
Deposits held in trust	25,000	-	4,950
Advances from other funds	115,000	-	-
Deferred revenue	1,186,871	-	587,664
Long-term debt	-	-	-
Total liabilities	1,437,705	78,319	1,528,792
Fund Balances and Other Credits:			
Fund balances:			
Investment in general fixed assets	-	-	-
Reserved for:			
Encumbrances	193,106	-	1,253,724
Long-term receivables	-	-	405,230
Debt service	-	6,762,869	-
Unreserved, undesignated	787,771	-	32,684,289
Total fund balances and other credits	980,877	6,762,869	34,343,243
Total liabilities, fund balances and other credits	$ 2,418,582	$ 6,841,188	$ 35,872,035

See accompanying Notes to Component Unit Financial Statements.

Account Groups		Totals
General Fixed Assets	General Long-Term Debt	(Memorandum Only)
$ -	$ -	$ 14,179,673
-	-	27,547,459
-	-	618,224
-	-	360,408
-	-	2,414,621
-	-	11,420
10,011,901	-	10,011,901
10,011,901	-	55,143,706
-	6,762,869	6,762,869
-	82,681,893	82,681,893
-	89,444,762	89,444,762
$ 10,011,901	$ 89,444,762	$ 144,588,468
$ -	$ -	$ 1,125,331
-	-	29,950
-	-	115,000
-	-	1,774,535
-	89,444,762	89,444,762
-	89,444,762	92,489,578
10,011,901	-	10,011,901
-	-	1,446,830
-	-	405,230
-	-	6,762,869
-	-	33,472,060
10,011,901	-	52,098,890
$ 10,011,901	$ 89,444,762	$ 144,588,468

Richmond Redevelopment Agency
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the year ended June 30, 2002

	Governmental Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Projects	
REVENUES:				
Property taxes	$ -	$ 9,229,547	$ 1,469,960	$ 10,699,507
Rental income	-	-	52,324	52,324
Intergovernmental	244,657	-	168,464	413,121
Investment income	-	365,164	1,899,547	2,264,711
Other	1,273,664	-	187,145	1,460,809
Total revenues	1,518,321	9,594,711	3,777,440	14,890,472
EXPENDITURES:				
General government	2,921,858	-	-	2,921,858
Housing and redevelopment	-	-	1,456,177	1,456,177
Capital outlay	-	-	1,807,239	1,807,239
Debt service:				
Principal retirement	-	2,489,871	-	2,489,871
Interest and fiscal charges	-	4,161,914	19,941	4,181,855
Other	-	-	1,083,545	1,083,545
Total expenditures	2,921,858	6,651,785	4,366,902	13,940,545
REVENUES OVER (UNDER) EXPENDITURES	(1,403,537)	2,942,926	(589,462)	949,927
OTHER FINANCING SOURCES (USES):				
Proceeds from loans	-	-	500,000	500,000
Operating transfers in	2,928,393	3,003,871	3,832,142	9,764,406
Operating transfers out	-	(9,155,875)	(608,531)	(9,764,406)
Total other financing sources (uses)	2,928,393	(6,152,004)	3,723,611	500,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,524,856	(3,209,078)	3,134,149	1,449,927
FUND BALANCES:				
Beginning of year, as restated	(543,979)	9,971,947	31,209,094	40,637,062
End of year	$ 980,877	$ 6,762,869	$ 34,343,243	$ 42,086,989

See accompanying Notes to Component Unit Financial Statements.

Richmond Redevelopment Agency
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund
For the year ended June 30, 2002

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental	$ 225,122	$ 244,657	$ 19,535
Other	-	1,273,664	1,273,664
Total revenues	225,122	1,518,321	1,293,199
EXPENDITURES:			
General government	3,809,444	2,921,858	887,586
Interest and fiscal charges	-	-	-
Other	-	-	-
Total expenditures	3,809,444	2,921,858	887,586
REVENUES OVER (UNDER) EXPENDITURES	(3,584,322)	(1,403,537)	2,180,785
OTHER FINANCING SOURCES (USES):			
Operating transfers in	3,584,322	2,928,393	655,929
Total other financing sources (uses)	3,584,322	2,928,393	655,929
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ -	1,524,856	$ 1,524,856
FUND BALANCES:			
Beginning of the year, as restated		(543,979)	
End of year		$ 980,877	

See accompanying Notes to Component Unit Financial Statements.

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NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Richmond Redevelopment Agency (Agency) was formed in October 1949 as a separate legal entity under the provisions of the Community Redevelopment Law (California Health and Safety Code, commencing with Section 33000). The Redevelopment Agency was established primarily to assist in the clearance and rehabilitation of areas determined to be in a blighted condition in the City. Since that time various Project Area Plans (Plans) have been developed to provide an improved physical, social, and economic environment in various Project Areas. The Agency is involved with the following project areas:

Project Area	Dates
Eastshore Park Project Area No. 1-A	Most recent Amendment - July 13, 1999
Pilot Project Area No. 1-B	Most recent Amendment - December 19, 1994
Potrero Project Area No. 1-C	Most recent Amendment - July 13, 1999
Galvin Project Area No. 3-A	Most recent Amendment - July 13, 1999
Terrace Project Area No. 4-A	Most recent Amendment - December 19, 1994
Harbor Gate Project Area No. 6-A	Most recent Amendment - July 13, 1999
Hensley Project Area No. 8-A	Most recent Amendment - July 13, 1999
Downtown Project Area No. 10-A	Most recent Amendment - July 13, 1999
Nevin Project Area No. 10-B	Most recent Amendment - July 13, 1999
Harbour Project Area No. 11-A	Most recent Amendment - July 13, 1999
North Richmond Project Area No. 12-A	Most recent Amendment - July 13, 1999

The Redevelopment Agency is authorized to finance redevelopment through various sources, including assistance from the City, State, Federal governments, incremental property taxes, interest income, issuance of Redevelopment Agency notes and bonds, and sale and rental of real property acquired with these funds.

Although the Redevelopment Agency is a separate legal entity from the City, it is an integral part of the City. The City exercises significant financial and management control over the Redevelopment Agency and members of the City Council serve as the governing board of the Redevelopment Agency.

The Agency is an integral part of the City of Richmond (City) and, accordingly, the accompanying component unit financial statements are included as a blended component unit of the general purpose financial statements prepared by the City. A component unit is a separate governmental unit, agency or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's general purpose financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Fund Accounting

The accounts of the Agency are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures. The Agency uses the following fund types and account groups:

Governmental Fund Types

General Fund - The purpose of this fund is to account for all financial resources except those required to be accounted for in other funds and is the general operating fund of the City.

Debt Service Funds - The purpose of these funds is to account for the accumulation of financial resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The purpose of these funds is to account for financial resources to be used for the acquisition or construction of major capital facilities.

Account Groups

General Fixed Assets - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the governmental fund types. Fixed asset purchases by governmental fund types are recorded as expenditures at the time of acquisition. Such amounts are then included in the General Fixed Assets Account Group.

General Long-Term Debt - Long-term liabilities and obligations that are expected to be financed by governmental fund types are accounted for in the General Long-Term Debt Account Group.

C. Basis of Accounting

The Agency uses the modified accrual basis of accounting for all governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when paid.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Measurement Focus

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets, with the exception that the non-current portion of long-term receivables are reported on their balance sheets, offset by fund balance reserve accounts or deferred revenue.

Statements of revenues, expenditures and changes in fund balances for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

E. Budgets and Budgetary Accounting

The Agency adopts a budget annually to be effective July 1 for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the Agency Board.

An operating budget is adopted each fiscal year for the General Fund. Public hearings are conducted on the proposed budgets to review all appropriations and sources of financing. Capital projects are budgeted by the Agency Board over the term of the individual projects. Since capital projects are not budgeted on an annual basis, they are not included in the budgetary data. Debt Service Funds are not budgeted.

Expenditures are controlled at the fund level for all budgeted departments within the Agency. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the Combined Statement of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual include budget amendments approved by Agency Board.

The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP)

Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the City Manager. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the Agency Board. Supplemental appropriations financed by unanticipated revenues during the year must be approved by the Agency Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Encumbrances

The Agency uses an encumbrance system as an extension of normal budgetary accounting for the General Fund and Capital Projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end.

G. Cash and Investments

The Agency participates in the City's cash and investment pool which is managed by the City Treasurer. For purposes of reporting cash flows, the Agency considers each fund's share in the cash and investments pool to be cash and cash equivalents. With respect to cash and investments held by fiscal agents, the Agency considers investments with original maturities of three months or less to be cash equivalents. Investment income earned on the investment pool is distributed to the appropriate funds based on average month-end balances

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The Agency participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

H. Notes Receivable

Notes receivable and related accrued interest, net of deferred revenue, are fully reserved in the equity section of the Capital Projects Funds balance sheet, as they do not represent "current financial resources."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Fixed Assets

General fixed assets are those assets acquired for general governmental purposes. Such assets currently purchased or constructed are recorded as expenditures in the governmental fund types and capitalized at cost in the General Fixed Asset Account Group. Contributed fixed assets are recorded at fair market value at the time received.

Certain fixed assets other than buildings, including roads, curbs and gutters, streets, parking lots and sidewalks, and lighting systems, have not been capitalized, since such assets are immovable and of value only to the Agency. No provision for depreciation is reported on general fixed assets.

J. Long-term Debt

The Agency reports long-term debt of governmental funds at face value in the general long-term debt account group. Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

K. Compensated Absences

Compensated absences are charged to operating expenditures when paid. Vacation and related benefits fully vest as earned and are paid in full upon termination. Vested vacation obligations are recorded in the City's general long-term obligations account group as accrued compensated absences until paid. The City is not liable for payment to employees for accrued sick leave and no related liability is recorded in the accompanying general purpose financial statements. The Agency's portion of related liabilities is not considered significant to the Agency.

L. Property Tax Levy, Collection and Maximum Rates

The State of California Constitution Article XIIIA provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value except for voter approved incremental property taxes adopted prior to the passage of Article XIIIA and any additional amount for general obligation debt approved by voters subsequent to the passage of Article XIIIA. Assessed value is calculated at 100 percent of market value as defined by Article XIIIA and may be adjusted by no more than two percent per year unless the property is modified, sold, or transferred. The State Legislature has determined the method of distribution of receipts from a one percent tax levy among the counties, cities, school districts, and other districts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Property Tax Levy, Collection and Maximum Rates, Continued

Contra Costa County assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	March 1
Levied dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property taxes levied are recorded as revenue in the fiscal year of levy.

M. Deferred Revenues

Deferred revenues represent an off-set for revenue in which asset recognition criteria have been met, but where revenue recognition criteria have not been met. The Agency has reported as deferred revenues, receivables from project developers and notes receivable from homeowners and related accrued interest, as such amounts are measurable but are not available.

N. Fund Equity Reservations

Fund balance reserves are created when the City enters into a contractual agreement with an outside party or when certain assets do not represent expendable available resources.

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. Memorandum Only - Total Columns

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2002 consisted of the following:

Cash and investments pooled with the City	$ 14,179,673
Restricted cash and investments	27,547,459
Total cash and investments	$ 41,727,132

The Agency has pooled its cash and investments with the City in order to achieve a higher return on investment. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled. These restricted funds include cash with fiscal agents.

The investments made by the City are limited to those allowable under State statutes and include the following types of investments:

U.S. Government Securities
Bankers' Acceptances
Commercial Paper
Medium-Term Notes
Repurchase Agreements
Deposits with Banks
State of California Local Agency Investment Fund

The Agency does not have specific cash or investments accounts. See the City's financial statements for disclosures related to cash and investments and the related custodial risk categorization.

3. NOTES RECEIVABLES

	Balance
West County Housing Corporation	$ 87,500
Lucas Park Development	12,500
Silent Seconds/Rehabilitation Loans	506,520
Civic Center Development	216,000
Mechanics Bank Serviced Loans	155,230
Atchison Village Annex Apartments	477,920
Heritage Park Development	250,000
Silent Second Mortgage Loans	708,951
Total loans and notes	$ 2,414,621

3. NOTES RECEIVABLES, Continued

The Agency loaned the West County Housing Corporation (West County) $875,000 to cover part of the cost to construct 10 housing units. The loan agreement required West County to repay the Agency $87,500 for home sold. One home on Lucas Avenue, respectively have not been sold and $87,500 was not repaid.

Lucas Park Development and Silent Second/Rehabilitation Home Loans represents silent record mortgage loans that were awarded to the low income families purchasing the homes constructed by West County. The outstanding balance of the Lucas Park Development and Silent Second/Rehabilitation Home Loans were $12,500 and $506,520, respectively.

A promissory note was signed by the Richmond Civic Center Development, LP payable to the Agency to repay a $216,000 loan received from the Agency. There is no repayment schedule for the loan. This amount is to be written off in fiscal year ending June 30, 2003.

The Mechanics Bank Serviced Loans represent four loans given to individuals by the Agency to establish businesses in the blighted area. One of the loans matures in 2002 and has an interest rate of 3%. The remaining three loans mature in 2049 and have interest rates of 6%. Payments of principal and interest on the loans are due monthly and are received by the Mechanic Bank and credited to the Agency's account. The outstanding balance at June 30, 2003 was $155,230.

On August 3, 1998, the Agency entered into an agreement with Atchison Village Associates, LP for a loan in the total original amount of $464,000 collateralized by a deed of trust. The loan is used to finance the acquisition and rehabilitation of 100 units of family housing. The accrued simple interest rate on the unpaid principal balance is 3% per annum. No payments shall be made during the first year, but the interest on the loan shall be deferred and capitalized. Beginning in year two, the principle amount shall increase to $477,920. Year two through five, loan payments shall be interest only at $1,195 per month. Years six through twenty-five the principal and interest shall be fully amortized and payable in equal monthly payments of $2,651. The outstanding balance of the loan including accrued interest of $13,920 at June 30, 2002 was $477,920.

On July 22, 1999, the Agency entered into an agreement with Hilltop Group, LP for a loan in the total original amount of $250,000 collateralized by a deed of trust. The loan is used to finance the expenses related to the development of the Heritage Park Development in the City of Richmond. The monthly installment of interest and principal in the amount of $1,726 are payable commencing September 1, 2004 to September 1, 2019, at the interest rate of 3% per annum. The outstanding balance of the loan at June 30, 2002 was $250,000.

The Silent Second Mortgage Loans represent loans given to qualifying individuals for the difference between the amount received by the individuals who qualified for low and moderate income housing loans and the amount needed to purchase the homes. The loans will be forgiven in the future if the property owners do not sell or refinance the property. The outstanding balance at June 30, 2003 was $708,951.

4. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2002, the Agency had the following advances to and from other funds:

	Advances To Other Funds	Advances From Other Funds
General	$ -	$ 115,000
Capital Projects Fund:		
Merged project area	360,408	-
Total	$ 360,408	$ 115,000

At June 30, 2002, the Agency had the following operating transfers in and out:

	Operating Transfers In	Operating Transfers Out
Special Revenue Fund:		
General Fund	$ 2,928,393	$ -
Debt Service Funds:		
Merged Project Area	3,002,847	9,155,875
JPA 2000 TARB	1,024	-
Capital Projects Funds:		
Merged Project Area	3,831,011	607,507
Pilot	1,131	-
Low/ Moderate Income Housing	-	1,024
Totals	$ 9,764,406	$ 9,764,406

5. DEFERRED REVENUE

Deferred revenue in the General Fund and Capital Projects Funds at June 30, 2002, consisted of the following:

Notes Receivable:	
West County Housing Corporation	$ 87,500
Lucas Park	12,500
Civic Center Development	216,000
Silent Second Loans	271,664
Atchison Village	477,920
Silent Second Mortgage Loans	708,951
Total	$ 1,774,535

6. GENERAL FIXED ASSETS

General fixed assets at June 30, 2002 and changes from the prior year consisted of the following:

	Balance July 1, 2001	Additions	Retirements and Transfers	Balance June 30, 2002
Land	$ 4,032,281	$ 1,614,825	$ (38,394)	$ 5,608,712
Buildings & building improvements	5,242,217	-	(997,194)	4,245,023
Machinery & equipment	158,166	-	-	158,166
Total general fixed assets	$ 9,432,664	$ 1,614,825	$ (1,035,588)	$ 10,011,901

7. LONG-TERM DEBT

Summary of changes in General Long-Term Debt Account Group for the year ended June 30, 2002:

	Balance July 1, 2001	Additions	Deletions	Adjustments	Balance June 30, 2002
Bonds payable	$ 55,162,779	$ -	$ (675,000)	$ -	$ 54,487,779
Notes payable	694,681	500,000	(430,865)	-	763,816
Compensated absences	-	274,476	-	-	274,476
Advances to other funds	36,496,326	1,672,364	(4,249,999)	-	33,918,691
Totals	$ 150,850,625	$ 2,446,840	$ (5,355,864)	$ -	$ 89,444,762

Bonds Payable

Bonds payable at June 30, 2002 consisted of the following:

Harbour Tax Allocation Refunding Bonds - 1991	1,460,000
Harbour Tax Allocation Refunding Bonds - 1998 Series A	21,772,779
JPFA Tax Allocation Revenue Bonds - 2000 Series A	25,720,000
JPFA Tax Allocation Revenue Bonds - 2000 Series B	5,535,000
Total	$ 54,487,779

7. LONG-TERM DEBT, Continued

1. *1991 Harbour Redevelopment Project Tax Allocation Refunding Bonds – Original Issue $11,465,000*

The Bonds were issued by the Redevelopment Agency to refund 1985 Tax Allocation and Refunding Bonds used for the Urban Renewal Plan for Project 11-A, the Harbour Redevelopment Plan. The bonds consist of serial bonds in the amount of $6,365,000 that mature annually through 200, in amounts ranging from $50,000 to $740,000. Interest rates vary from 3.75% to a maximum of 6% and are payable semiannually on January 1 and July 1. The term bonds in the amount of $5,100,000 bear interest at 7% and mature on July 1, 2009 with sinking fund payment requirements starting in 2004. In 1998, $5,820,000 outstanding principal amount of these bonds were advance refunded by issuance of the 1998 Harbour Redevelopment Project Tax Allocation Bonds Series A. The bonds are secured by a pledge of tax revenues and certain other funds held by Bankers Trust Company of California, N.A.

The annual debt service requirements on the bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Totals
2003	415,000	77,992	492,992
2004	740,000	43,550	783,550
2005	45,000	19,775	64,775
2006	50,000	16,450	66,450
2007	55,000	12,775	67,775
Thereafter	155,000	14,525	169,525
Totals	$ 1,460,000	$ 185,067	$ 1,645,067

2. *1998 Harbour Redevelopment Project Tax Allocation Refunding Bonds Series A – Original Issue $21,862,779*

The bonds were issued by the Agency to refinance a portion of the 1991 Harbour Redevelopment Project Tax Allocation Refunding Bonds, refinance certain loans from the City to the Agency, which amount will be used by the City to finance certain publicly owned capital projects, finance certain redevelopment activities within the Harbour Redevelopment project area, fund a reserve account and pay certain costs of issuance of the 1998 bonds. The bonds mature annually through 2023, in amounts ranging from $50,000 to $1,130,000. Interest rates vary from 3.5% to a maximum of 5.5% and are payable semiannually on January 1 and July 1. The bonds are secured by a pledge of tax revenues.

7. LONG-TERM DEBT, Continued

Bonds Payable, Continued

2. *1998 Harbour Redevelopment Project Tax Allocation Refunding Bonds Series A – Original Issue $21,862,779, Continued*

The annual debt service requirements on the bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Totals
2003	25,000	718,227	743,227
2004	-	717,727	717,727
2005	470,000	708,328	1,178,328
2006	485,000	349,464	834,464
2007	500,000	679,527	1,179,527
Thereafter	20,292,779	6,766,366	27,059,145
Totals	$ 21,772,779	$ 9,939,639	$ 31,712,418

3. *2000 Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Bonds Series A and Series B – Original Issue Series A $25,720,000, Series B $5,795,000*

The Bonds were issued by the Richmond JPFA and consisted of series A Bonds were issued for the purpose of funding certain capital improvements of the Redevelopment Agency, to fund the reserve accounts and capitalized interest. The Series B Bonds were issued for use in certain low and moderate income housing activities and to fund a reserve account. The Series A Bonds consist of serial bonds in the amount of $25,210,000 and term bonds in the amount of $510,000. The serial bonds mature annually through 2018 in amounts ranging from $1,110,000 to $2,205,000. Interest rates range from 4.0% to 5.5% and are payable semiannually on March 1 and September 1. The term bonds mature in 2029 and bear interest of 5.25%. The Series B Bonds consist of serial bonds in the amount of $1,245,000 and term bonds in the amount of$4,550,000. The serial bonds mature annually through 2006 in amounts ranging from $170,000 to $260,000. Interest rate is 7% and is due semiannually on March 1 and September 1. The term bonds mature as follows: $1,075,000 in 2010 at interest rate of 7.35%, $3,365,000 in 2018 at interest rate of 7.7% and $110,000 in 2029 at interest rate of 8.0%. The bonds are secured by a pledge of certain tax increment revenues derived from taxable property within certain redevelopment project areas.

7. LONG-TERM DEBT, Continued

Bonds Payable, Continued

3. *2000 Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Bonds Series A and Series B – Original Issue Series A $25,720,000, Series B $5,795,000, Continued*

The annual debt service requirements on the Series A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Totals
2003	1,110,000	1,244,308	2,354,308
2004	1,155,000	1,199,908	2,354,908
2005	1,200,000	1,153,708	2,353,708
2006	1,255,000	1,099,708	2,354,708
2007	1,305,000	1,046,998	2,351,998
Thereafter	19,695,000	6,826,817	26,521,817
Totals	$ 25,720,000	$ 12,571,447	$ 38,291,447

The annual debt service requirements on the Series B Bonds are as follows:

For the Years Ending June 30	Principal	Interest	Totals
2003	170,000	415,868	585,868
2004	185,000	403,967	588,967
2005	195,000	391,018	586,018
2006	210,000	377,368	587,368
2007	240,000	362,668	602,668
Thereafter	4,535,000	2,663,598	7,198,598
Totals	$ 5,535,000	$ 4,614,487	$ 10,149,487

Notes Payable

University of California – Original Amount $5,476,229

On March 19, 1979, the Agency entered into an agreement with the Regents of the University of California for the purchase of certain real property. The loan is due in annual installments of $486,439 through 2003 and bears an interest rate of 8%. The amount outstanding at June 30, 2002 was $263,816.

7. LONG-TERM DEBT, Continued

Notes Payable, Continued

University of California – Original Amount $5,476,229, Continued

The annual debt service requirements on the Hilltop Exterior Renovation and University of California notes are as follows:

For the Year Ending June 30,	Principal	Interest	Totals
2003	$ 263,816	$ 22,026	$ 285,842
Totals	$ 263,816	$ 22,026	$ 285,842

Wells Fargo Bank – Original Amount $500,000

On March 13, 2002, the Agency entered into an agreement with Wells Fargo Bank to provide direct predevelopment loans, subordinated loans and lines of credit to non-profit owners/development and/or for-profit owners/developers for the purpose of facilitating the development and/or preservation of affordable housing. The loan is due ten years from the date of the loan and bears a fixed interest rate equal to 1.5% for the first year, thereafter adjustable to a fixed rate 3.5% below the ten year US Treasury note . The amount outstanding at June 30, 2002 was $500,000.

Compensated Absences

Compensated absences are charged to operating expenditures when paid. Vacation and related benefits fully vest as earned and are paid in full upon termination. Vested vacation obligations are recorded in the City's general long-term obligations account group as accrued compensated absences until paid. The outstanding balance as of June 30, 2002 was $274,476.

Advances Payable to Other Funds

The City has advanced funds to the Agency for various capital projects. These interfund advances have no definite repayment schedules. Interest is charged on the principal amount and is compounded on accrued interest. The amounts outstanding at June 30, 2002 include principal and accrued interest.

Balance as of July 1, 2001	$ 36,496,326
Interest accrual on advances from the City of Richmond	1,672,364
Principal Repayment	(1,384,006)
Accrued interest paid	(2,865,993)
Balance as of June 30, 2002	$ 33,918,691

8. FUND BALANCE RESERVES AND DESIGNATIONS

At June 30, 2002 fund balances consisted of the following:

	General Fund	Debt Service Funds	Capital Projects Funds	Totals
Reserved:				
Encumbrances	$ 193,106	$ -	$ 1,253,724	$ 1,446,830
Long-term notes and lease receivable, net of deferred revenue	-	-	405,230	405,230
Debt service	-	6,762,869	-	6,762,869
Total reserved	193,106	6,762,869	1,658,954	8,614,929
Unreserved	787,771	-	32,684,289	33,472,060
Total fund balances	$ 980,877	$ 6,762,869	$ 34,343,243	$ 42,086,989

9. COMMITMENTS AND CONTINGENCIES

Litigation

The Agency is involved in various claims and litigation resulting from its normal operations. The ultimate outcome of these matters is not presently determinable. In the Agency management's opinion, these matters will not have significant adverse effect of the Agency's financial position.

10. PRIOR PERIOD ADJUSTMENTS

The Agency has recorded the following prior period adjustments:

		Capital Projects Funds					
	General Fund	JPA 2000 TARB	Low/Moderate Income Housing	Hensley	Downtown	Harbour	Totals
Fund Balances:							
As previously reported	$ (586,302)	$ 23,558,727	$ 4,947,803	$ 137,868	$ 606,717	$ 1,181,432	$ 30,432,547
Adjustments due to:							
Cash reconciliation	(6,433)	111,970	(2,291)	-	(910)	(100)	108,669
Interest receivables	-	-	-	(11,672)	-	-	(11,672)
Loans receivables	-	-	-	-	(19,076)	-	(19,076)
Refundable/Trust deposits	24,239	-	-	-	-	150	150
Accounts payable	24,517	-	-	-	-	97,123	97,123
Prepaid and other assets	-	-	-	-	-	(10,000)	(10,000)
Sale of property	-	-	-	-	-	195,000	195,000
Deferred revenues	-	-	-	-	(37,287)	-	(37,287)
Total Adjustments	42,323	111,970	(2,291)	(11,672)	(57,273)	282,173	322,907
As restated	$ (543,979)	$ 23,670,697	$ 4,945,512	$ 126,196	$ 549,444	$ 1,463,605	$ 30,755,454

SUPPLEMENTARY INFORMATION

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DEBT SERVICE FUNDS

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Richmond Redevelopment Agency
Combining Balance Sheet
All Debt Service Funds
June 30, 2002

	Merged Project Area	Low/Moderate 2000 TARB	Pilot	Totals
ASSETS				
Cash, cash equivalents and investments	$ 4,440,120	$ -	$ 66,184	$ 4,506,304
Restricted cash, cash equivalents and investments	2,303,994	-	-	2,303,994
Interest and other receivables	30,890	-	-	30,890
Total assets	$ 6,775,004	$ -	$ 66,184	$ 6,841,188
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 78,319	$ -	$ -	$ 78,319
Total liabilities	78,319	-	-	78,319
Fund Balances:				
Reserved for debt service	6,696,685	-	66,184	6,762,869
Total fund balances	6,696,685	-	66,184	6,762,869
Total liabilities and fund balances	$ 6,775,004	$ -	$ 66,184	$ 6,841,188

Richmond Redevelopment Agency
Combining Balance Sheet
Merged Project Area Debt Service Fund
June 30, 2002

	Eastshore Park	Galvin	Harbor Gate	Hensley
ASSETS				
Cash, cash equivalents and investments	$ 530,543	$ 1,400,445	$ 448,763	$ 1,247,119
Restricted cash, cash equivalents and investments	-	-	-	-
Interest and other receivables	3,317	-	5,692	14,463
Total assets	$ 533,860	$ 1,400,445	$ 454,455	$ 1,261,582
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 16,917	$ 11,679	$ 7,622	$ 30,680
Total liabilities	16,917	11,679	7,622	30,680
Fund Balances:				
Reserved for debt service	516,943	1,388,766	446,833	1,230,902
Total fund balances	516,943	1,388,766	446,833	1,230,902
Total liabilities and fund balances	$ 533,860	$ 1,400,445	$ 454,455	$ 1,261,582

Downtown	Nevin Center	Harbour	North Richmond	Totals
$ 66,237	$ 81,704	$ 590,462	$ 74,847	$ 4,440,120
-	-	2,303,994	-	2,303,994
2,594	391	4,076	357	30,890
$ 68,831	$ 82,095	$ 2,898,532	$ 75,204	$ 6,775,004
$ 11,202	$ 219	$ -	$ -	$ 78,319
11,202	219	-	-	78,319
57,629	81,876	2,898,532	75,204	6,696,685
57,629	81,876	2,898,532	75,204	6,696,685
$ 68,831	$ 82,095	$ 2,898,532	$ 75,204	$ 6,775,004

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Richmond Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Debt Service Funds
For the year ended June 30, 2002

	Merged Project Area	Low/Moderate 2000 TARB	Pilot	Totals
REVENUES:				
Property taxes	$ 8,492,607	$ 669,941	$ 66,999	$ 9,229,547
Investment income	365,164	-	-	365,164
Total revenues	8,857,771	669,941	66,999	9,594,711
EXPENDITURES:				
Debt service:				
Principal retirement	2,229,871	260,000	-	2,489,871
Interest and fiscal charges	3,750,134	410,965	815	4,161,914
Total expenditures	5,980,005	670,965	815	6,651,785
REVENUES OVER (UNDER) EXPENDITURES	2,877,766	(1,024)	66,184	2,942,926
OTHER FINANCING SOURCES (USES):				
Operating transfers in	3,002,847	1,024	-	3,003,871
Operating transfers out	(9,155,875)	-	-	(9,155,875)
Total other financing sources (uses)	(6,153,028)	1,024	-	(6,152,004)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,275,262)	-	66,184	(3,209,078)
FUND BALANCES:				
Beginning of year	9,971,947	-	-	9,971,947
End of year	$ 6,696,685	$ -	$ 66,184	$ 6,762,869

Richmond Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Merged Project Area Debt Service Fund
For the year ended June 30, 2002

	Eastshore Park	Galvin	Harbor Gate	Hensley
REVENUES:				
Property taxes	$ 887,802	$ 586,851	$ 474,006	$ 957,071
Investment income	34,434	-	24,792	73,524
Total revenues	922,236	586,851	498,798	1,030,595
EXPENDITURES:				
Debt service:				
Principal retirement	159,615	-	-	-
Interest and fiscal charges	214,641	1,017	-	-
Total expenditures	374,256	1,017	-	-
REVENUES OVER (UNDER) EXPENDITURES	547,980	585,834	498,798	1,030,595
OTHER FINANCING SOURCES (USES):				
Operating transfers in	799,257	-	-	-
Operating transfers out	(1,168,990)	(974,721)	(1,016,915)	(2,475,084)
Total other financing sources (uses)	(369,733)	(974,721)	(1,016,915)	(2,475,084)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	178,247	(388,887)	(518,117)	(1,444,489)
FUND BALANCES:				
Beginning of year	338,696	1,777,653	964,950	2,675,391
End of year	$ 516,943	$ 1,388,766	$ 446,833	$ 1,230,902

Downtown	Nevin Center	Harbour	North Richmond	Totals
$ 267,750	$ 40,880	$ 5,241,053	$ 37,194	$ 8,492,607
11,542	1,326	218,178	1,368	365,164
279,292	42,206	5,459,231	38,562	8,857,771
-	-	2,070,256	-	2,229,871
1,603,355	-	1,931,121	-	3,750,134
1,603,355	-	4,001,377	-	5,980,005
(1,324,063)	42,206	1,457,854	38,562	2,877,766
1,603,355	-	600,235	-	3,002,847
(478,652)	-	(3,041,513)	-	(9,155,875)
1,124,703	-	(2,441,278)	-	(6,153,028)
(199,360)	42,206	(983,424)	38,562	(3,275,262)
256,989	39,670	3,881,956	36,642	9,971,947
$ 57,629	$ 81,876	$ 2,898,532	$ 75,204	$ 6,696,685

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CAPITAL PROJECTS FUNDS

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Richmond Redevelopment Agency
Combining Balance Sheet
All Capital Projects Funds
June 30, 2002

	Merged Project Area	JPA 2000 TARB	Pilot	Low/Moderate Income Housing	Totals
ASSETS					
Cash, cash equivalents and investments	$ 2,981,172	$ 197,968	$ -	$ 5,618,862	$ 8,798,002
Restricted cash and investments	381,142	24,862,323	-	-	25,243,465
Interest and other receivables	7,157	459,693	-	-	466,850
Advances to other funds	360,408	-	-	-	360,408
Notes receivable	742,894	-	-	250,000	992,894
Prepaid and other assets	10,416	-	-	-	10,416
Total assets	$ 4,483,189	$ 25,519,984	$ -	$ 5,868,862	$ 35,872,035
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 527,564	$ 530	$ -	$ 408,084	$ 936,178
Deposits held in trust	4,950	-	-	-	4,950
Deferred revenue	587,664	-	-	-	587,664
Total liabilities	1,120,178	530	-	408,084	1,528,792
Fund Balances:					
Reserved for:					
Encumbrances	1,253,724	-	-	-	1,253,724
Long-term receivables	155,230	-	-	250,000	405,230
Unreserved, undesignated	1,954,057	25,519,454	-	5,210,778	32,684,289
Total fund balances	3,363,011	25,519,454	-	5,460,778	34,343,243
Total liabilities and fund balances	$ 4,483,189	$ 25,519,984	$ -	$ 5,868,862	$ 35,872,035

Richmond Redevelopment Agency
Combining Balance Sheet
Merged Project Area Capital Projects Fund
June 30, 2002

	Eastshore Park	Potrero	Galvin	Harbor Gate
ASSETS				
Cash, cash equivalents and investments	$ -	$ -	$ -	$ -
Restricted cash and investments	-	-	-	-
Interest and other receivables	-	-	-	-
Advances to other funds	-	-	-	-
Notes receivable	-	-	-	-
Prepaid and other assets	-	-	-	-
Total assets	$ -	$ -	$ -	$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -
Deposits held in trust	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	-
Long-term receivables	-	-	-	-
Unreserved, designated	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities and fund balances	$ -	$ -	$ -	$ -

Hensley	Downtown	Redevelopment CIP	Harbour	Totals
$ 788	$ 72,285	$ 23,168	$ 2,884,931	$ 2,981,172
-	381,142	-	-	381,142
-	2,012	-	5,145	7,157
125,408	55,000	-	180,000	360,408
316,000	426,894	-	-	742,894
-	-	-	10,416	10,416
$ 442,196	$ 937,333	$ 23,168	$ 3,080,492	$ 4,483,189
$ -	$ 266,258	$ 17,035	$ 244,271	$ 527,564
-	4,950	-	-	4,950
316,000	271,664	-	-	587,664
316,000	542,872	17,035	244,271	1,120,178
-	-	-	1,253,724	1,253,724
-	155,230	-	-	155,230
126,196	239,231	6,133	1,582,497	1,954,057
126,196	394,461	6,133	2,836,221	3,363,011
$ 442,196	$ 937,333	$ 23,168	$ 3,080,492	$ 4,483,189

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Richmond Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Capital Projects Funds
For the year ended June 30, 2002

	Merged Project Area	JPA 2000 TARB	Pilot	Low/Moderate Income Housing	Totals
REVENUES:					
Property taxes	$ -	$ -	$ -	$ 1,469,960	$ 1,469,960
Rental income	52,324	-	-	-	52,324
Intergovernmental	168,464	-	-	-	168,464
Investment income	42,571	1,856,976	-	-	1,899,547
Other	184,638	-	-	2,507	187,145
Total revenues	447,997	1,856,976	-	1,472,467	3,777,440
EXPENDITURES:					
Housing and redevelopment	-	-	-	1,456,177	1,456,177
Capital outlay	1,807,239	-	-	-	1,807,239
Interest and fiscal charges	19,941	-	-	-	19,941
Other	1,074,195	8,219	1,131	-	1,083,545
Total expenditures	2,901,375	8,219	1,131	1,456,177	4,366,902
REVENUES OVER (UNDER) EXPENDITURES	(2,453,378)	1,848,757	(1,131)	16,290	(589,462)
OTHER FINANCING SOURCES (USES):					
Proceeds from loans	-	-	-	500,000	500,000
Operating transfers in	3,831,011	-	1,131	-	3,832,142
Operating transfers out	(607,507)	-	-	(1,024)	(608,531)
Total other financing sources (uses)	3,223,504	-	1,131	498,976	3,723,611
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	770,126	1,848,757	-	515,266	3,134,149
FUND BALANCES:					
Beginning of year, as restated	2,592,885	23,670,697	-	4,945,512	31,209,094
End of year	$ 3,363,011	$ 25,519,454	$ -	$ 5,460,778	$ 34,343,243

Richmond Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Merged Project Area Capital Projects Fund
For the year ended June 30, 2002

	Eastshore Park	Potrero	Galvin	Harbor Gate
REVENUES:				
Rental income	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Investment income	-	-	-	35,257
Other	-	-	-	-
Total revenues	-	-	-	35,257
EXPENDITURES:				
Capital outlay	-	-	-	-
Interest and fiscal charges	3,299	2,131	14,511	-
Other	-	-	-	-
Total expenditures	3,299	2,131	14,511	-
REVENUES OVER (UNDER) EXPENDITURES	(3,299)	(2,131)	(14,511)	35,257
OTHER FINANCING SOURCES (USES):				
Operating transfers in	3,299	2,131	14,511	97,539
Operating transfers out	-	-	-	(586,436)
Total other financing sources (uses)	3,299	2,131	14,511	(488,897)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-	(453,640)
FUND BALANCES:				
Beginning of year, as restated	-	-	-	453,640
End of year	$ -	$ -	$ -	$ -

Hensley	Downtown	Redevelopment CIP	Harbour	Totals
$ -	$ 52,324	$ -	$ -	$ 52,324
-	143,464	25,000	-	168,464
-	7,314	-	-	42,571
-	1,750	-	182,888	184,638
-	204,852	25,000	182,888	447,997
-	615,563	81,870	1,109,806	1,807,239
-	-	-	-	19,941
-	222,924	236,997	614,274	1,074,195
-	838,487	318,867	1,724,080	2,901,375
-	(633,635)	(293,867)	(1,541,192)	(2,453,378)
-	478,652	300,000	2,934,879	3,831,011
-	-	-	(21,071)	(607,507)
-	478,652	300,000	2,913,808	3,223,504
-	(154,983)	6,133	1,372,616	770,126
126,196	549,444	-	1,463,605	2,592,885
$ 126,196	$ 394,461	$ 6,133	$ 2,836,221	$ 3,363,011

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C&L
Caporicci & Larson
Certified Public Accountants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
of the Richmond Redevelopment Agency
Richmond, California

We have audited the financial statements of the Richmond Redevelopment Agency (Agency), a component unit of the City of Richmond, as of and for the year ended June 30, 2002, and have issued our report thereon dated March 7, 2003. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Agency are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. Such provisions included those provisions of laws identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees

To the Board of Directors
of the Richmond Redevelopment Agency
Richmond, California

in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving internal control over financial reporting that we have reported to management of the Agency in a separate letter dated March 7, 2003.

This report is intended for the information of the Audit Committee, management, and the State Controller. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson

Oakland, California
March 7, 2003

The execution and delivery of this Official Statement has been duly authorized by the Authority and the Agency.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By: /s/ Jay M. Corey
Treasurer/Auditor

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of August 1, 2003, is executed and delivered by the Richmond Redevelopment Agency (the "Agency") and Union Bank of California, N.A., as trustee and in its capacity as dissemination agent hereunder (the "Trustee" and "Dissemination Agent") in connection with the issuance by the Richmond Joint Powers Financing Authority (the "Authority") of its $16,080,000 aggregate principal amount of Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds") and its $12,500,000 aggregate principal amount of Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds" and, together with the Series 2003A Bonds, the "Bonds"). The Bonds are being issued pursuant to Resolution No. 03-01 of the Authority and Resolution No. 03-24 of the Agency, each adopted July 22, 2003, and a Trust Agreement, dated as of August 1, 2003 (the "Trust Agreement"), between the Authority and the Trustee. The Agency, the Dissemination Agent and the Trustee covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency, the Dissemination Agent and the Trustee for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement and the Loan Agreement, dated as of August 1, 2003 (the "Loan Agreement"), between the Agency and the Authority, described in the Official Statement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

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

"Disclosure Representative" shall mean with respect to the Agency, the Chief Executive Officer of the Agency or the Redevelopment Agency Director or his or her designee, or such other officer or employee as the Agency shall designate in writing to the Trustee and the Dissemination Agent from time to time.

"Dissemination Agent" means Union Bank of California, N.A., acting in its capacity as Dissemination Agent hereunder or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Trustee a written acceptance of such designation.

"Fiscal Year" shall mean with respect to the Agency, the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve-month. or fifty-two week period hereafter selected by the Agency, with notice of such selection or change in fiscal year to be provided as set forth herein.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information regarding the National Repositories as of a particular date is available on the Internet at www.sec.gov/consumer/nrmsir.htm

"Repository" means each National Repository and each State Repository.

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

"State Repository" means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

"Underwriter" means the original underwriter of the Bonds.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Agency's Fiscal Year (presently June 30), commencing with the report for the 2002-03 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Agency may be submitted from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if it is not available by that date. If the Fiscal Year changes for the Agency, the Agency shall give notice of such change in the same manner as for a Listed Event under Section 5(f) hereof.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Agency shall provide its Annual Report to the Dissemination Agency and Trustee. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report from the Agency, the Dissemination Agent shall notify the Agency of such failure to receive the report. The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) Unless the Agency has done so pursuant to Section 3(a) above, the Dissemination Agent shall:

(i) determine the name and address. of each National Repository and each State Repository, if any, each year prior to the date for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the Authority or the Agency, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement dated August 14, 2003, relating to the Bonds):

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following additional items:

1. Annual Debt Service Requirements, but only in the event of any unscheduled redemption, defeasance or new issue;

2. Table 1 - Historical Taxable Values and Tax Increment Revenues – Project Area;

3. Table 2 - Ten Major Property Tax Assessees – Project Area;

4. Table 3 - Projection of Incremental Tax Revenue – Project Area; and

5. Table 7 – Projected Debt Service Coverage.

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

Section 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the security;

7. Modifications to rights of security holders;

8. Bond calls;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Bonds;

11. Rating changes.

(b) Promptly after obtaining actual knowledge of the occurrence of any of the Listed Events at the principal corporate trust office of the Trustee in San Francisco, California, the Trustee shall contact the Authority and the Agency at their notice addresses in the Trust Agreement, inform them of the event, and request that the Agency or the Authority promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f) and promptly direct the Trustee whether or not to report such event to the Bondholders. In the absence of such direction the Trustee shall not report such event unless otherwise required to be reported by the Trustee to the Bondholders under the Trust Agreement. The Trustee may conclusively rely upon such direction (or lack thereof). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Trust Agreement. The Trustee shall have no responsibility to determine the materiality of any of the Listed Events.

(c) Whenever the Agency obtains knowledge of the occurrence of any Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Agency or the Authority shall determine as soon as possible if such event would constitute material information for Holders of Bonds within the meaning of the federal securities laws.

(d) If the Agency has determined that knowledge of the occurrence of a Listed Event would be material, the Agency shall notify the Dissemination Agent promptly in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Agency determines that the Listed Event would not be material, the Agency shall so notify the Dissemination Agent in

writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Trust Agreement and notice of any other Listed Event is only required following the actual occurrence of the Listed Event; and

(g) The Dissemination Agent may rely conclusively on an opinion of counsel that the Agency'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 Agency, the Trustee and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

Section 7. Dissemination Agent. From time to time, the Agency may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Union Bank of California, N.A. The Dissemination Agent may resign by providing thirty (30) days written notice to the Agency and the Trustee (if the Trustee is not the Dissemination Agent). The Dissemination Agent shall have not duty to prepare any information report nor shall the Dissemination Agent by responsible for filing any report not provided to it by the Agency in a timely manner and in a form suitable for filing.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Agency which does not impose any greater duties nor any greater risk of liability on the Trustee or Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

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

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) in the opinion of the Trustee or nationally recognized bond counsel, does not materially impair the interests of the holders or beneficial owners of the Bonds.

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

Section 10. Default. In the event of a failure of the Agency or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may and, at the request of the Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Article VI of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement and the Agency agrees to indemnify and hold harmless the Dissemination Agent and the Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, and Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which any of them may incur arising out of or in the exercise of performance of their respective powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or Trustee's respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with an agreed upon schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall both be deemed to be acting in any fiduciary capacity for the Agency, the Bondholders, or any other party under this Disclosure Agreement. Neither the Trustee or the Dissemination Agent shall have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Disclosure Agreement. The obligations of the Agency under this Section shall survive resignation or removal of the

Dissemination Agent and payment of the Bonds. Any company succeeding to all or substantially all of the Dissemination Agent's business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper on any further act.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, the Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. No person shall have any right to commence any action against the Trustee or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. Neither the Trustee not the Dissemination Agent shall be liable under any circumstances for monetary damages to any person for any breach of this Disclosure Agreement.

Section 13. California Law. This Disclosure Agreement shall be constructed and governed in accordance with the laws of the State of California.

Section 14. Notices. All written notices to be given hereunder shall be given in person or by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

To the Agency:	Richmond Redevelopment Agency City Hall, Room 301 2600 Barrett Avenue Richmond, California 94804 Attention: Executive Director Fax: (510) 307-8149 (with copies to the City Attorney and the Treasurer)
To the Trustee and Dissemination Agent:	Union Bank of California, N.A. 475 Sansome Street, 12th Floor San Francisco, California 94111 Attention: Corporate Trust Department Fax: (510) 296-6757

The Trustee, the Dissemination Agent and the Agency may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Unless specifically otherwise required by the context of this Disclosure Agreement, any notices required to be given hereunder to the Trustee, the Dissemination Agent or the Agency may be given by any form of electronic transmission capable of producing a written record. Each such party shall file with the Trustee information appropriate to receiving such form of electronic transmission.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

RICHMOND REDEVELOPMENT AGENCY

By:_____
Redevelopment Director

UNION BANK OF CALIFORNIA, N.A., as
Trustee and Dissemination Agent

By:_____
Authorized Officer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD AND [STATE REPOSITORY] OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Richmond Joint Powers Financing Authority
Name of Bond Issue:	Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and Tax Allocation Revenue Bonds, Series 2003B (Taxable)
Date of Issuance:	August 27, 2003

NOTICE IS HEREBY GIVEN that the Richmond Redevelopment Agency (the "Agency") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of August 1, 2003 executed by the Agency for the benefit of the holders and beneficial owners of the above-referenced bonds. The Agency anticipates that the Annual Report will be filed by

Dated:

RICHMOND REDEVELOPMENT AGENCY

By:_____
Its:_____

cc: Richmond Joint Powers Financing Authority
2600 Barrett Avenue
Richmond, California 94804

Union Bank of California, N.A.
475 Sansome Street,
12th Floor San Francisco, California 94111

REPORT OF FINAL SALE

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
Tel.: (916) 653-3269 FAX: (916) 654-7440

For Office Use Only

RECEIVED
03 SEP -2 PM 12:06
CALIFORNIA DEBT
ADVISORY COMMISSION

Under California Government Code Section 8855(i), "The issuer of any new public debt issue shall, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, submit a report of final sale and official statement to the Commission. The Commission may require information to be submitted in the report of final sale that is considered appropriate."

CDIAC NO #: 2003-1282

ISSUER NAME: Richmond Joint Powers Financing Authority

(If pool bond, list participants)

ISSUE NAME: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)

IF THIS IS A POOLED FINANCING, WHICH ISSUANCE STATUTE IS IT AUTHORIZED UNDER?

☐ **1) Marks-Roos Local Bond Pooling Act** ☐ **2) JPA Law** ☐ **3) Installment Sales Agreement, Lease** ☐ **4) Housing Revenue Bond Law & Industrial Development Bond Law** ☐ **5) Other** _____

WILL A VALIDATION ACTION BE PURSUED? ☒ No ☐ Yes ☐ Unknown

ACTUAL SALE DATE: August 14, 2003 **PRINCIPAL SOLD:** $16,080,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?[1]

☒ No ☐ Yes, refunding amount (including costs) $_____

Issuer Contact:

Name: Jay Corey

Title: Assistant City Manager

Address: City of Richmond, Finance Department, 1401 Marina Way South, Richmond, California 94804

Phone: (559) 620-6697 **ISSUER LOCATED IN** Contra Costa **COUNTY**

Filing Contact:: Name of Individual (representing: ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:

Name: Laura A. Oki, Project Manager for Donald S. Field, Esq.

Firm/Agency: Orrick, Herrington & Sutcliffe LLP

Address: 777 S. Figueroa St., Suite 3200, Los Angeles, CA 90017

Phone: (213) 612-2131 **E-mail:** loki@orrick.com

Send acknowledgement/copies to: Laura A. Oki

Name of individual to whom an invoice for the CDIAC issue fee should be sent:[2]

Name: Bob Williams, Managing Director

Firm: RBC Dain Rauscher Inc.

Address: 345 California Street, Suite 2800, San Francisco, California 94104

Phone: (415) 445-8674

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[1] *Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDIAC explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated basis instead of at public sale.*

[2] *This fee is authorized by Section 8856 of the California Government Code and is charged to the lead underwriter or purchaser of the issue. The fee is administratively set by the Commission. The current fee schedule may be obtained from CDIAC.*

FINANCING PARTICIPANTS (Firm Name)

FINANCIAL ADVISOR: _____

LEAD UNDERWRITER/PURCHASER: RBC Dain Rauscher Inc.

BOND COUNSEL: Orrick, Herrington & Sutcliffe LLP

TRUSTEE/PAYING AGENT: Union Bank of California, N.A.

OFFICE LOCATION (City/State)

_____

San Francisco, California

San Francisco, California

San Francisco, California

MATURITY SCHEDULE

☐ Attached ☒ Included in Official Statement

MATURITY STRUCTURE

☐ Serial (S) ☐ Term (T)

☒ Serial and term bonds or two or more term (B)

FINAL MATURITY DATE: September 1, 2025

FIRST OPTIONAL CALL DATE: September 1, 2013

SENIOR/SUBORDINATE STRUCTURE ☐ Yes ☒ No

OFFICIAL STATEMENT/OFFERING MEMORANDUM:
☒ **Enclosed** ☐ **None prepared**

WAS THE ISSUE INSURED OR GUARANTEED?
☐ No
☒ Bond Insurance (I)
☐ Letter of Credit (L)
☐ State Intercept Program (T)
☐ Other (O)

GUARANTOR: MBIA Insurance Corporation

ENHANCEMENT EXPIRATION DATE: N/A

INDICATE CREDIT RATING:

(For example, "AAA" or "Aaa"
☐ Not Rated
☒ Rated
Standard & Poor's: AAA
Fitch: AAA
Moody's: _____
Other: _____

REASON FOR NEGOTIATED REFUNDINGS
If the issue is a negotiated refunding, indicate the reason(s) why the bonds were issued at a private or negotiated versus a competitive sale.
☐ (1) Timing of the sale provided more flexibility than a public sale
☐ (2) More cost savings were expected to be realized than a public sale
☐ (3) More flexibility in debt structure was available than a public sale
☐ (4) Issuer able to work with participants familiar with issue/r than a public sale
☒ (5) All of the above
☐ (6) Other (please specify) _____

IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?

Under State Law: ☐ No (taxable) ☒ Yes (tax-exempt)
Under Federal Law: ☐ No (taxable) ☒ Yes (tax-exempt)
If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax? ☐ Yes ☒ No

INTEREST TYPE: ☒ NIC ☐ TIC ☐ Variable

INTEREST COST: 4.945783%

CAPITAL APPRECIATION BOND: ☐ Yes ☒ No

ISSUANCE COSTS AND FEES: May be Obtained from Issuer

A) Management Fee	$_____
B) Total Takedown	$_____
C) Underwriter Expenses	$_____
Underwriter Spread or Discount	$_____
D) Bond Counsel	$_____
E) Disclosure Counsel	$_____
F) Financial Advisor	$_____
G) Rating Agency	$_____
H) Credit Enhancement	$_____
I) Trustee Fee	$_____
J) Other Expenses	$_____
Total Issuance Costs	$_____
K) ORIGINAL ISSUE PREMIUM	$_____
L) ORIGINAL ISSUE DISCOUNT	$_____
M) NET ORIGINAL ISSUE DISCOUNT/PREMIUM	$_____

FOR OFFICE USE ONLY

FEE: $_____

REPORT OF FINAL SALE

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
Tel.: (916) 653-3269 FAX: (916) 654-7440

For Office Use Only

RECEIVED
03 SEP -2 PM 12:06
CALIFORNIA DEBT
ADVISORY COMMISSION

Under California Government Code Section 8855(i), "The issuer of any new public debt issue shall, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, submit a report of final sale and official statement to the Commission. The Commission may require information to be submitted in the report of final sale that is considered appropriate."

CDIAC #2003-1283

ISSUER NAME: Richmond Joint Powers Financing Authority

(If pool bond, list participants)

ISSUE NAME: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable)

IF THIS IS A POOLED FINANCING, WHICH ISSUANCE STATUTE IS IT AUTHORIZED UNDER?

☐ **1) Marks-Roos Local Bond Pooling Act** ☐ **2) JPA Law** ☐ **3) Installment Sales Agreement, Lease** ☐ **4) Housing Revenue Bond Law & Industrial Development Bond Law** ☐ **5) Other** _____

WILL A VALIDATION ACTION BE PURSUED? ☒ No ☐ Yes ☐ Unknown

ACTUAL SALE DATE: August 14, 2003 **PRINCIPAL SOLD:** $12,500,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?[1]

☒ No ☐ Yes, refunding amount (including costs) $_____

Issuer Contact:

Name: Jay Corey

Title: Assistant City Manager

Address: City of Richmond, Finance Department, 1401 Marina Way South, Richmond, California 94804

Phone: (559) 620-6697 **ISSUER LOCATED IN** Contra Costa **COUNTY**

Filing Contact:: Name of Individual (representing: ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:

Name: Laura A. Oki, Project Manager for Donald S. Field, Esq.

Firm/Agency: Orrick, Herrington & Sutcliffe LLP

Address: 777 S. Figueroa St., Suite 3200, Los Angeles, CA 90017

Phone: (213) 612-2131 **E-mail:** loki@orrick.com

Send acknowledgement/copies to: Laura A. Oki

Name of individual to whom an invoice for the CDIAC issue fee should be sent:[2]

Name: Bob Williams, Managing Director

Firm: RBC Dain Rauscher Inc.

Address: 345 California Street, Suite 2800, San Francisco, California 94104

Phone: (415) 445-8674

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[2] *This fee is authorized by Section 8856 of the California Government Code and is charged to the lead underwriter or purchaser of the issue. The fee is administratively set by the Commission. The current fee schedule may be obtained from CDIAC.*

FINANCING PARTICIPANTS (Firm Name)

FINANCIAL ADVISOR: _____

LEAD UNDERWRITER/PURCHASER: RBC Dain Rauscher Inc.

BOND COUNSEL: Orrick, Herrington & Sutcliffe LLP

TRUSTEE/PAYING AGENT: Union Bank of California, N.A.

OFFICE LOCATION (City/State)

_____

San Francisco, California

San Francisco, California

San Francisco, California

MATURITY SCHEDULE

☐ Attached ☒ Included in Official Statement

MATURITY STRUCTURE

☐ Serial (S) ☐ Term (T)

☒ Serial and term bonds or two or more term (B)

FINAL MATURITY DATE: September 1, 2025

FIRST OPTIONAL CALL DATE: N/A

SENIOR/SUBORDINATE STRUCTURE ☐ Yes ☒ No

OFFICIAL STATEMENT/OFFERING MEMORANDUM:
☒ **Enclosed** ☐ **None prepared**

WAS THE ISSUE INSURED OR GUARANTEED?
☐ No
☒ Bond Insurance (I)
☐ Letter of Credit (L)
☐ State Intercept Program (T)
☐ Other (O)

GUARANTOR: MBIA Insurance Corporation

ENHANCEMENT EXPIRATION DATE: N/A

INDICATE CREDIT RATING:

(For example, "AAA" or "Aaa"
☐ Not Rated
☒ Rated
Standard & Poor's: AAA
Fitch: AAA
Moody's: _____
Other: _____

REASON FOR NEGOTIATED REFUNDINGS
If the issue is a negotiated refunding, indicate the reason(s) why the bonds were issued at a private or negotiated versus a competitive sale.
☐ (1) Timing of the sale provided more flexibility than a public sale
☐ (2) More cost savings were expected to be realized than a public sale
☐ (3) More flexibility in debt structure was available than a public sale
☐ (4) Issuer able to work with participants familiar with issue/r than a public sale
☒ (5) All of the above
☐ (6) Other (please specify) _____

IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?

Under State Law: ☐ No (taxable) ☒ Yes (tax-exempt)
Under Federal Law: ☒ No (taxable) ☐ Yes (tax-exempt)
If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax? ☐ Yes ☐ No

INTEREST TYPE: ☐ NIC ☒ TIC ☐ Variable

INTEREST COST: 5.502439%

CAPITAL APPRECIATION BOND: ☐ Yes ☒ No

ISSUANCE COSTS AND FEES: May be Obtained from Issuer

A) Management Fee	$_____
B) Total Takedown	$_____
C) Underwriter Expenses	$_____
Underwriter Spread or Discount	$_____
D) Bond Counsel	$_____
E) Disclosure Counsel	$_____
F) Financial Advisor	$_____
G) Rating Agency	$_____
H) Credit Enhancement	$_____
I) Trustee Fee	$_____
J) Other Expenses	$_____
Total Issuance Costs	$_____
K) ORIGINAL ISSUE PREMIUM	$_____
L) ORIGINAL ISSUE DISCOUNT	$_____
M) NET ORIGINAL ISSUE DISCOUNT/PREMIUM	$_____

FOR OFFICE USE ONLY

FEE: $_____

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

INCUMBENCY CERTIFICATE OF THE GOVERNING BOARD OF THE RICHMOND JOINT POWERS FINANCING AUTHORITY AND THE AGENCY BOARD OF THE RICHMOND REDEVELOPMENT AGENCY

The undersigned, as Deputy Secretary of the Richmond Joint Powers Financing Authority (the "Authority") and Deputy Secretary of the Richmond Redevelopment Agency (the "Agency"), hereby certifies that the following are the duly elected, qualified and acting members of the Authority and the Agency, holding the offices and for the terms set forth across from their respective names:

Name	Title Authority / Agency	Term Expires November
Irma L. Anderson	President / Chair	November 21, 2005
Mindell Lewis Penn	Vice President / Vice Chair	November 17, 2003
Nathaniel Bates	Member / Member	November 17, 2003
Charles H. Belcher	Member / Member	November 17, 2003
Gary Bell	Member / Member	November 17, 2003
Richard L. Griffin	Member / Member	November 21, 2005
Thomas K. Butt	Member / Member	November 17, 2003
Jim Rogers	Member / Member	November 21, 2005
Maria Viramontes	Member / Member	November 21, 2005

Dated: August 27, 2003

RICHMOND JOINT POWERS FINANCING AUTHORITY and RICHMOND REDEVELOPMENT AGENCY

Sandra Thompson

Sandra Thompson, Deputy Secretary

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

SIGNATURE AND NO-LITIGATION CERTIFICATE OF THE RICHMOND JOINT POWERS FINANCING AUTHORITY

The undersigned hereby certify the following:

a) that they are the duly elected or appointed, qualified and acting Treasurer/Auditor and Deputy Secretary of the Richmond Joint Powers Financing Authority (the "Authority"), and as such, are familiar with the facts herein certified and are authorized and qualified to certify the same;

b) that the Treasurer/Auditor of the Authority and Secretary of the Authority, respectively, were duly authorized by the Authority to execute, on behalf of the Authority, the following bonds, and pursuant to such authority the bonds have been executed by their facsimile signature:

Title of Bonds:	Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)
Principal Amount:	$16,080,000
Date of Bonds:	August 27, 2003

Said bonds mature on the dates and bear interest at the rates as set forth in the attached Schedule A.

Title of Bonds:	Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003B (Taxable)
Principal Amount:	$12,500,000
Date of Bonds:	August 27, 2003

Said bonds mature on the dates and bear interest at the rates as set forth in the attached Schedule B.

We further certify that said bonds bear the facsimile signatures of the Treasurer/Auditor of the Authority and as Secretary of the Authority, respectively.

c) that the signatures set forth opposite the names and titles of the following persons are the true and correct specimens, or are the genuine signatures of such persons, each of whom holds the office designated below:

Signature	Name	Official Title
	Jay Corey	Treasurer/Auditor of the Richmond Joint Powers Financing Authority
	Diane Holmes	Secretary of the Richmond Joint Powers Financing Authority
	Sandra Thompson	Deputy Secretary of the Richmond Joint Powers Financing Authority

d) that no litigation of any nature is now pending, or to the knowledge of the undersigned, threatened in any court or other tribunal of competent jurisdiction, state or federal, in any way seeking to restrain or enjoin the issuance, sale, execution or delivery of said bonds or any part thereof, or the application of the proceeds of sale thereof, or the pledge, collection or application of the revenues pledged thereto, or contesting, questioning or affecting the validity of said bonds or any of the proceedings of the Authority for the authorization, issuance, sale or delivery thereof, or contesting, questioning or affecting the corporate existence of the Authority or the title of any of said officers thereof to their respective offices or any of the powers of the Authority under the laws of the State of California; and

e) that we delivered said bonds this date to Union Bank of California, N.A., as trustee (the "Trustee"), pursuant to the Trust Agreement, dated as of August 1, 2003, between the Authority and the Trustee.

Dated: August 27, 2003

RICHMOND JOINT POWERS FINANCING AUTHORITY

Jay Corey
Treasurer/Auditor

Sandra Thompson
Deputy Secretary

SCHEDULE A

$16,080,000 Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)

Principal Payment Date (September 1)	Principal Amount	Interest Rate
2008	$ 425,000	3.000%
2009	440,000	3.250
2010	455,000	3.500
2011	470,000	4.000
2012	490,000	4.000
2013	510,000	4.250
2014	530,000	4.250
2015	555,000	4.500
2016	575,000	4.500
2017	605,000	4.500
2018	630,000	4.625
2022	4,320,000	5.250
2025	4,050,000	5.250
2025	2,025,000	5.000

SCHEDULE B

$12,500,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003B (Taxable)

Principal Payment Date (September 1)	Principal Amount	Interest Rate
2008	$355,000	4.160%
2009	370,000	4.470
2010	385,000	4.780
2011	400,000	5.040
2012	425,000	5.270
2013	445,000	5.410
2018	2,635,000	5.860
2025	7,485,000	6.300

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

CERTIFICATE OF THE RICHMOND JOINT POWERS FINANCING AUTHORITY PURSUANT TO SECTION 7(d)(7) OF THE BOND PURCHASE AGREEMENT

In respect of the issuance, sale and delivery of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable), the undersigned, as Treasurer/Auditor of the Richmond Joint Powers Financing Authority (the "Authority"), hereby certifies on behalf of the Authority as follows:

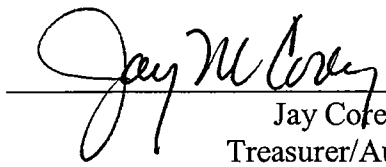
(i) the representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement, dated as of August 14, 2003, by and among the Authority, the Richmond Redevelopment Agency and RBC Dain Rauscher Inc., as underwriter (the "Bond Purchase Agreement"), are true and correct in all material respects on and as of the date hereof as though made on the date hereof; and

(ii) the Authority has complied with all of the terms and conditions of the Bond Purchase Agreement required to be complied with by the Authority at or prior to the date hereof.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Purchase Agreement.

Dated: August 27, 2003

RICHMOND JOINT POWERS FINANCING AUTHORITY



Jay Corey,
Treasurer/Auditor

EXHIBIT A

RICHMOND JOINT POWERS FINANCING AUTHORITY

JOINT EXERCISE OF POWERS AGREEMENT

This Agreement is executed as of December 1, 1989 by and between the CITY OF RICHMOND, a charter city, and the RICHMOND REDEVELOPMENT AGENCY, a redevelopment agency, each organized and existing under the laws of the State of California and hereafter referred to as Members.

RECITALS

This Agreement is predicated upon the following facts:

A. The Members are public agencies organized and operating under the laws of the State of California.

B. The Richmond Joint Powers Financing Authority created by this Agreement (the "Authority") is authorized under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the California Government Code, as amended (the "Bond Pooling Act") to, among other things, purchase at public or negotiated sale certain qualified obligations, as further defined herein ("Obligations"), issued by Members of the Authority and other public agencies and sell at public or negotiated sale such Obligations or issue and sell at public or negotiated sale certificates of participation or Authority bonds secured in whole or in part by such Obligations or by other designated revenues.

C. The assistance provided to the Members and other public agencies by the Authority in financing public capital improvements and working capital will result in certain or all of the following significant public benefits:

(1) Demonstrable savings in effective interest rate, bond preparation, bond underwriting, or bond issuance costs.

(2) Significant reductions in effective user charges levied by a local agency.

(3) Employment benefits from undertaking public projects in a timely fashion.

(4) More efficient delivery of local agency services to residential and commercial development.

D. All capitalized terms used herein are defined in Article III "Definitions", hereof.

NOW, THEREFORE, for and in consideration of the mutual benefits, covenants, and agreements set forth in this Agreement, the parties agree as follows:

ARTICLE I

CREATION OF RICHMOND JOINT POWERS FINANCING 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 parties hereto hereby create a public entity separate and apart from the parties to this Agreement, to be known as the Richmond Joint Powers Financing Authority, hereinafter referred to as the "Authority". Pursuant to Government Code Section 6508.1, the debts, liabilities, and obligations of the Authority shall not constitute debts, liabilities, or obligations of any party to this Agreement. A Member may separately contract for or assume responsibility for specific debts, liabilities, or obligations of the Authority. For purposes of, and to the extent required by, Government Code Section 6509, in exercising its powers the Authority shall be subject to the restrictions upon the manner of exercising the powers of the City of Richmond, except as otherwise authorized or permitted by the JPA Law and the Bond Pooling Act.

ARTICLE II

PURPOSE AND POWERS

The purpose of creating this Authority is to accomplish the purposes of the JPA Law and the Bond Pooling Act, including the financing of public capital improvements and the purchase of certain Obligations issued by Members of the Authority or other public agencies or the sale of such Obligations or issuance of bonds of the Authority secured in whole or in part by such Obligations, or by any other designated source of revenues, all as permitted by the JPA Law or the Bond Pooling Act. The Authority shall have all powers common to its Members and all powers granted by applicable law, including, without

limitation, the JPA Law and the Bond Pooling Act, and is authorized, in its own name, to do all acts necessary to exercise such powers to fulfill the purposes of this Agreement. Without limiting the foregoing, the Authority shall have the power to do each of the following:

A. Finance and refinance, through the issuance of bonds or other instruments of indebtedness, Public Capital Improvements and Working Capital and other costs as permitted by the JPA Law and the Bond Pooling Act.

B. Purchase Obligations.

C. Incur debts, liabilities, and obligations.

D. Acquire, hold or dispose of real and personal property by lease, purchase, sale, eminent domain and other appropriate means.

E. Receive contributions and donations of property, funds, services, and other forms of assistance from any source.

F. Sue and be sued in its own name.

G. Employ agents and employees.

H. Acquire, construct, rehabilitate, remodel, install, manage, or operate buildings, works, or improvements.

I. Lease real and personal property (including that of a Member or Local Agency) as lessor and as lessee.

J. Receive, collect, and disburse monies.

K. Invest money in the treasury of the Authority in the same manner and on the same conditions as Local Agencies pursuant to Government Code Section 53601.

L. Exercise all other powers necessary and proper to carry out the provisions of this Agreement.

ARTICLE III

DEFINITIONS

The following definitions shall apply to the provisions of this Agreement:

A. "Authority" shall mean the Richmond Joint Powers Financing Authority.

B. "Agreement" shall mean this Joint Exercise of Powers Agreement, as it may be amended from time to time, creating the Authority.

C. "Board" or "Governing Board" shall mean the governing body of the Authority.

D. "Bond Pooling Act" shall mean the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of the JPA Law.

E. "Bonds" shall mean bonds, notes, commercial paper, lease-purchase agreements, certificates of participation, floating rate, and variable maturity securities or other evidences of indebtedness within the meaning of the term "bond" as defined in Section 6585(c) of the JPA Law issued by the Authority pursuant to the Bond Pooling Act.

F. "Fiscal Year" shall mean the period of time from the date of this Agreement to June 30, 1990, and thereafter every 12 month period ending on June 30.

G. "JPA Law" shall mean Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended from time to time.

H. "Local Agency" shall mean a "local agency" as defined in Section 6585(f) of the JPA Law.

I. "Member" shall mean any public agency (as defined in Section 6500 of the JPA Law) which is a party to this Agreement.

J. "Obligation" shall mean any bond, note, commercial paper, lease-purchase agreement, certificate of participation, floating rate, and variable maturity securities or other evidences of indebtedness within the meaning of the term "bond" as defined in Section 6585(c) of the JPA Law, which is purchased by the Authority from a Local Agency which is the issuer thereof at a public or negotiated sale or which is otherwise acquired by the Authority pursuant to the Bond Pooling Act or a trust agreement providing for the issuance of Bonds.

K. "Public Capital Improvement" shall have the meaning given to such term in Section 6585(g) of the JPA Law.

L. "Working Capital" shall have the meaning given to such term in Section 6585(i) of the JPA Law.

ARTICLE IV

PARTIES TO AGREEMENT

Each Member represents and warrants that it intends to, and does hereby, contract with the other Member identified on the signature page hereof and any new members admitted to the Authority pursuant to Article XIV. Each Member also represents and warrants that the withdrawal or expulsion of any Member, pursuant to Article XII, shall not relieve any Member of its obligations or duties under this Agreement.

ARTICLE V

GOVERNING BOARD

The Authority shall be governed by a Governing Board comprised of all of the individuals who currently are members of the City Council of the City of Richmond and the members of the Board of the Richmond Redevelopment Agency (individually a "Representative", collectively the "Representatives"). Each Representative of the Governing Board has one vote. Immediately upon admission of a new Member pursuant to Article XIV, the Member shall be entitled to appoint two Representatives to the Governing Board.

A Representative shall be removed from the Governing Board upon the occurrence of any one of the following events: (1) the Representative is no longer a member of the City Council of the City of Richmond and the Board of the Richmond Redevelopment Agency; or (2) the expulsion or withdrawal of the Member from this Agreement on behalf of which such Representative serves.

Representatives are not entitled to compensation. The Governing Board may authorize reimbursement of expenses incurred by Representatives or their alternates.

Pursuant to Government Code Section 6505.6, the Director of Finance of the City of Richmond is designated as Treasurer/ Auditor of the Authority. The Treasurer/Auditor of the Authority shall have charge of, handle, and have access to any property of the Authority, shall have custody of all the money of the Authority from whatever source, and shall perform the other functions of treasurer/auditor of the Authority as set forth in Sections 6505, 6505.1 and 6505.5 of the JPA Law. The

Authority shall fix the amount of the fidelity bond to be filed by the Treasurer/Auditor.

ARTICLE VI

BOARD MEETINGS AND RECORDS

A. Meetings. The Governing Board shall hold regular meetings as provided in the bylaws of the Authority. The Governing Board shall fix by resolution the date upon which, and the hour and place at which, each regular meeting is to be held. The Governing Board may hold special meetings at any time and from time to time in accordance with law.

B. Ralph M. Brown Act. Each meeting of the Governing Board, including without limitation regular, adjourned regular, and special meetings shall be called, noticed, held, and conducted in accordance with the Ralph M. Brown Act (Section 54950 et seq. of the California Government Code).

C. Minutes. The Authority shall have minutes of regular, adjourned regular, and special meetings kept by the Secretary of the Authority. As soon as possible after each meeting, the Secretary of the Authority shall forward to each Governing Board Representative and each Member copies of the minutes.

D. Quorum. A majority of the Representatives of the Governing Board is a quorum for the transaction of business. However, less than a quorum may adjourn from time to time. A vote of the majority of a quorum at a meeting is sufficient to take action.

ARTICLE VII

OFFICERS

The Mayor, Vice-Mayor, City Manager, Assistant City Manager and City Clerk are designated as President, Vice-President, Executive Director, Assistant Executive Director and Secretary, respectively, of the Authority. The President shall preside at and conduct all meetings of the Governing Board. In the absence or inability of the President to act, the Vice President acts as President. The Governing Board may appoint such other officers as it considers necessary. Officers are not entitled to compensation. The Governing Board may authorize reimbursement of expenses incurred by officers.

ARTICLE VIII

AMENDMENTS TO THIS AGREEMENT

This Agreement may be amended at any time by written consent of all of the Members acting through their governing bodies.

ARTICLE IX

BUDGET

The Governing Board shall adopt an annual budget as soon as possible for the first Fiscal Year and not later than thirty days prior to the beginning of each Fiscal Year thereafter.

ARTICLE X

ANNUAL AUDIT AND REVIEW

The Authority shall strictly account for all funds and report of all receipts and disbursements and shall cause an annual financial audit of the accounts and records to be made by a certified public accountant in compliance with California Government Code Sections 6505 and 6505.5 or 6505.6 with respect to all receipts, disbursements, other transactions, and entries into the books of the Authority. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Government Code Section 26909 and shall conform to generally accepted auditing standards. A report of each audit shall be filed as a public record with each of the Members and also with the county auditor of the county in which each of the contracting parties is located. The report shall be filed within twelve months of the end of the Fiscal Year under examination. The Authority shall pay all costs of such financial audits.

ARTICLE XI

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

Funds of the Authority may be commingled with other funds of the Authority for investment and administration purposes.

The Treasurer/Auditor shall draw warrants to pay demands against the Authority when the demands have been approved in writing by the Executive Director.

All funds or other property acquired by the Authority as a result of this Agreement shall be paid and disbursed as provided in resolutions of the Governing Board or in any trust agreement securing Bonds.

ARTICLE XII

WITHDRAWAL AND EXPULSION

Subject to the restrictions set forth in Article XIII, the Governing Board, by a vote of two-thirds of the governing body, may expel any Member at any time for material breaches of this Agreement. Subject to the restrictions set forth in Article XIII, any Member may at any time withdraw from this Agreement upon 90 days' written notice to the other Members, provided that after such withdrawal there shall be at least two Members.

The withdrawal or expulsion of any Member shall not terminate its responsibility under any Obligation of such Member or under any actions taken in connection therewith.

ARTICLE XIII

TERMINATION

This Agreement shall continue until terminated. However, it cannot be terminated until such time as all principal of and interest on Bonds, and all other amounts payable under the trust agreements pursuant to which such Bonds have been issued, shall have been paid in full. Thereafter, this Agreement may be terminated by vote or written consent of two-thirds of the Members; provided, however, that this Agreement and the Authority shall continue to exist for the purposes of disposing of all claims, the distribution of assets, and any other functions necessary to conclude the affairs of the Authority.

After completion of the Authority's purposes, any surplus money on deposit in any fund or account of the Authority shall be returned in proportion to the contributions made as required by Section 6512 of the California Government Code. In the event such surplus is generated from proceeds of any Bonds or the payment to the Authority of amounts due with respect to any Obligations, such surplus shall be distributed as provided in the applicable trust agreement. The Governing Board is vested with all powers of the Authority for the purpose of concluding and dissolving the business affairs of the Authority.

ARTICLE XIV

NEW MEMBERS

With the approval of two-thirds of the Governing Board, any qualified public agency (as defined in Section 6500 of the JPA Law) may become a party to this Agreement. A public agency requesting membership shall apply by presenting to the Authority a resolution of the public agency approving this Agreement. The date and the terms upon which the applying public agency will become a Member will be determined by the Governing Board.

ARTICLE XV

LIABILITY OF THE AUTHORITY

Subject to limitations thereon contained in any trust agreement or other documents pursuant to which Bonds are issued, funds of the Authority may be used to defend, indemnify, and hold harmless the Authority, any Member, any member of the Governing Board and any employee or officer of the Authority for their actions taken within the scope of their duties while acting on behalf of the Authority.

ARTICLE XVI

NOTICES

Notices under this Agreement shall be sufficiently given and shall be deemed given when delivered or mailed by first-class mail, postage prepaid, or sent by telegram, telecopier or telex, addressed to the parties as follows:

If to the City of Richmond:

City of Richmond
2600 Barrett Avenue
Richmond, California 94804

Attention: Director of Finance

If to the Richmond Redevelopment Agency:

Richmond Redevelopment Agency
2600 Barrett Avenue
Richmond, California 94804

Attention: Treasurer

The above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices or other communications shall be sent. Notices of new Members shall be sufficiently given when delivered in the manner described above to the address indicated in the amendment to this Agreement adding such new Member.

ARTICLE XVII

SEVERABILITY

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

ARTICLE XVIII

AGREEMENT COMPLETE

The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein.

ARTICLE XIX

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

CITY OF RICHMOND

By: _____
Mayor

Executed before me this
14th day of December, 1989

_____
Clerk of the City of Richmond

(SEAL)

RICHMOND REDEVELOPMENT AGENCY

By: _____
Administrator

Attest:

_____
Assistant Secretary

Approved as to form:

_____
City Attorney

EXHIBIT B

MEMBERS OF THE RICHMOND JOINT POWERS FINANCING AUTHORITY

Name:

1. City of Richmond

2. Richmond Redevelopment Agency

EXHIBIT C

State of California
March Fong Eu
Secretary of State

FILE NO. 1043

FILED
In the office of the Secretary of State
of the State of California
MAR 15 1990
March Fong Eu
MARCH FONG EU, Secretary of State

(Office Use Only)

NOTICE OF A JOINT POWERS AGREEMENT
(Government Code Section 6503.5 or 6503.7)

Instructions:

1. Complete and mail to: Secretary of State, P.O. Box 944225, Sacramento, CA 94244-2250 (916) 324-6778
2. Include filing fee of $5.00.
3. Do not include attachments, unless otherwise specified.

The name of the agency or entity created under the agreement and responsible for the administration of the agreement is: Richmond Joint Powers Financing Authority

Mailing address: 2600 Barrett Avenue, Richmond, California 94804

Provide a short title of the agreement if applicable: Richmond Joint Powers Financing Authority Joint Exercise of Powers Agreement

The public agencies party to the agreement are:

(1) The City of Richmond, California

(2) The Richmond Redevelopment Agency

(3)

if more space is needed, continue on a separate sheet and attach it to this form.

The effective date of the agreement is: December 1, 1989

Provide a condensed statement of the agreement's purpose or the powers to be exercised: To assist members and other public agencies in financing capital improvement and working capital

Date: March 14, 1990

Vivian O'Neal
Signature

Vivian O'Neal, Authority Counsel
Typed Name and Title

State of California

SECRETARY OF STATE

I, *Kevin Shelley*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

AUG 11 2003

Kevin Shelley

Secretary of State

Sec/State Form CE-108 (rev. 1/03)

OSP 03 74671

State of California
March Fong Eu
Secretary of State

FILE NO. 1043

FILED
In the office of the Secretary of State of the State of California
MAR 15 1990
March Fong Eu
MARCH FONG EU, Secretary of State

(Office Use Only)

NOTICE OF A JOINT POWERS AGREEMENT
(Government Code Section 6503.5 or 6503.7)

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OFFICE OF THE SECRETARY OF STATE

Vivian O'Neal
Signature

Vivian O'Neal, Authority Counsel
Typed Name and Title

State of California

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Kevin Shelley

Secretary of State

Sec/State Form CE-108 (rev. 1/03)

OSP 03 74671

State of California
Kevin Shelley
Secretary of State

FILED
in the office of the Secretary of State
of the State of California

AUG 2 2 2003

KEVIN SHELLEY, SECRETARY OF STATE

(Office Use Only)

STATEMENT OF FACTS
ROSTER OF PUBLIC AGENCIES FILING
(Government Code Section 53051)

Instructions:

1. Complete and mail to: Secretary of State, P.O. Box 942877, Sacramento, CA 94277-0001 (916) 653-3984
2. A street address must be given as the official mailing address or as the address of the presiding officer.
3. Complete addresses as required.
4. If you need additional space, please include information on an 8½ X 11 page.

New Filing ☑ Update ☐

Legal name of Public Agency: **Richmond Joint Powers Financing Authority**

Nature of Update: **Initial filing**

County: **Contra Costa**

Official Mailing Address: **c/o Assistant City Manager/Acting Finance Director, 1401 Marina Way South, Richmond, CA 94804**

Name and Address of each member of the governing board:

Chairman, President or other Presiding Officer (Indicate Title): **President**

Name: **Irma L. Anderson** Address: 1401 Marina Way South, Richmond, CA 94804

Secretary or Clerk (Indicate Title): **Secretary**

Name: **Diane Holmes** Address: **1401 Marina Way South, Richmond, CA 94804**

Members:

Name:	**Mindell Lewis Penn, Vice President**	Address:	**1401 Marina Way South, Richmond, CA 94804**
Name:	**Nathaniel Bates**	Address:	**1401 Marina Way South, Richmond, CA 94804**
Name:	**Charles H. Belcher**	Address:	**1401 Marina Way South, Richmond, CA 94804**
Name:	**Gary Bell**	Address:	**1401 Marina Way South, Richmond, CA 94804**
Name:	**Richard L. Griffin**	Address:	**1401 Marina Way South, Richmond, CA 94804**

(*see attached for continued list of members)

Date: 8.14.03

Jay Corey

Signature

Jay Corey, Assistant City Manager/Acting Finance Director

Typed Name and Title

OFFICE OF THE SECRETARY OF STATE

SEC/STATE NP/SF 405 (REV. 1/03)

RICHMOND JOINT POWERS FINANCING AUTHORITY

Members, continued:

Name:	Thomas K. Butt	Address:	1401 Marina Way South, Richmond, CA 94804
Name:	Jim Rogers	Address:	1401 Marina Way South, Richmond, CA 94804
Name:	Maria Viramontes	Address:	1401 Marina Way South, Richmond, CA 94804

State of California
Kevin Shelley
Secretary of State

FILED
AUG 19 2003
S.L. WEIR, COUNTY CLERK
CONTRA COSTA COUNTY
BY M Oliver DEPUTY

(Office Use Only)

STATEMENT OF FACTS
ROSTER OF PUBLIC AGENCIES FILING
(Government Code Section 53051)

Instructions:

1. Complete and mail to: Secretary of State, P.O. Box 942877, Sacramento, CA 94277-0001 (916) 653-3984
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3. Complete addresses as required.
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New Filing ☑ Update ☐

Legal name of Public Agency: Richmond Joint Powers Financing Authority

Nature of Update: Initial filing

County: Contra Costa

Official Mailing Address: c/o Assistant City Manager/Acting Finance Director, 1401 Marina Way South, Richmond, CA 94804

Name and Address of each member of the governing board:

Chairman, President or other Presiding Officer (Indicate Title): President

Name: Irma L. Anderson Address:

Secretary or Clerk (Indicate Title): Secretary

Name: Diane Holmes Address: 1401 Marina Way South, Richmond, CA 94804

Members:

Name:	Mindell Lewis Penn, Vice President	Address:	1401 Marina Way South, Richmond, CA 94804
Name:	Nathaniel Bates	Address:	1401 Marina Way South, Richmond, CA 94804
Name:	Charles H. Belcher	Address:	1401 Marina Way South, Richmond, CA 94804
Name:	Gary Bell	Address:	1401 Marina Way South, Richmond, CA 94804
Name:	Richard L. Griffin	Address:	1401 Marina Way South, Richmond, CA 94804

(*see attached for continued list of members)

Date: 8.14.03

Signature

Jay Corey, Assistant City Manager/Acting Finance Director
Typed Name and Title

SEC/STATE NP/SF 405 (REV. 1/03)

RICHMOND JOINT POWERS FINANCING AUTHORITY

Members, continued:

Name:	Thomas K. Butt	Address:	1401 Marina Way South, Richmond, CA 94804
Name:	Jim Rogers	Address:	1401 Marina Way South, Richmond, CA 94804
Name:	Maria Viramontes	Address:	1401 Marina Way South, Richmond, CA 94804

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

CERTIFICATE OF THE RICHMOND JOINT POWERS FINANCING AUTHORITY PURSUANT TO SECTION 7(d)(7) OF THE BOND PURCHASE AGREEMENT

In respect of the issuance, sale and delivery of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable), the undersigned, as Treasurer/Auditor of the Richmond Joint Powers Financing Authority (the "Authority"), hereby certifies on behalf of the Authority as follows:

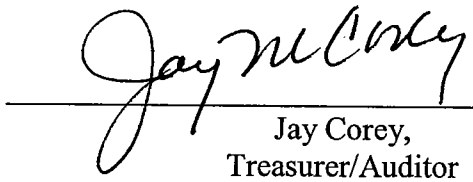
(i) the representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement, dated as of August 14, 2003, by and among the Authority, the Richmond Redevelopment Agency and RBC Dain Rauscher Inc., as underwriter (the "Bond Purchase Agreement"), are true and correct in all material respects on and as of the date hereof as though made on the date hereof; and

(ii) the Authority has complied with all of the terms and conditions of the Bond Purchase Agreement required to be complied with by the Authority at or prior to the date hereof.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Purchase Agreement.

Dated: August 27, 2003

RICHMOND JOINT POWERS FINANCING AUTHORITY



Jay Corey,
Treasurer/Auditor

TAX CERTIFICATE

The City of Richmond, California (the "City") and the Richmond Joint Powers Financing Authority (the "Authority") hereby make the following representations of facts and expectations and covenant to comply with the requirements of this Tax Certificate (this "Tax Certificate") in connection with the Authority's Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt), in the aggregate principal amount of $16,080,000 (the "Bonds"). These representations and covenants are in furtherance of the covenants contained in Section 5.03 of the Trust Agreement (the "Trust Agreement") dated as of August 1, 2003, by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"), Section 5.06 of the Loan Agreement, dated as of August 1, 2003, by and between the Agency and the Authority, and in part are made pursuant to Treasury Regulations Section 1.148-2(b)(2). Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings set forth in the Trust Agreement.

I.

IN GENERAL; DEFINITIONS

1.1 The Authority and the City and the Agency. The Authority is a joint powers authority established pursuant to a Joint Exercise of Powers Agreement, dated as of December 1, 1989, by and between the City and the Richmond Redevelopment Agency (the "Agency"). The Authority has the powers that are common to the City and the Agency. Both the City and the Agency have the general authority to exercise the power of eminent domain in furtherance of their governmental purposes. The City is executing this Tax Certificate as a member of the Authority and as the user of certain Bond proceeds and Bond-financed facilities.

1.2 Delivery of the Bonds. The Bonds are being delivered to RBC Dain Rauscher Inc. (the "Underwriter") on the date hereof, in exchange for good funds.

1.3 Purpose of Tax Certificate. The City and the Authority are delivering this Tax Certificate to Orrick, Herrington & Sutcliffe LLP, as bond counsel, with the understanding that Orrick, Herrington & Sutcliffe LLP will rely in part upon this Tax Certificate in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

1.4 Purpose of Financing. The Bonds are being issued to (i) provide funds to finance certain capital improvements located within the City, including improvements to the City Hall (the "Project"), (ii) pay capitalized interest on the Bonds through approximately September 1, 2005, (iii) partially fund the Reserve Account for the Bonds, and (iv) pay certain costs of issuing the Bonds, including a premium for a municipal bond insurance policy (the "Insurance") and certain fees for a reserve fund surety (the "Surety") to be provided by the MBIA Insurance Corporation (the "MBIA").

1.5 Single/Separate Issue. All the Bonds were sold to the Underwriter on August 13, 2003 (the "Sale Date"), pursuant to the same plan of financing. All of the Bonds are expected to be paid out of substantially the same source of funds. Except for the Authority's Tax

Allocation Revenue Bonds, Series 2003B (Taxable) (the "Taxable Bonds"), no other governmental obligations that are expected to be paid out of substantially the same source of funds as the Bonds were or are to be sold within the 31-day period beginning 15 days before the Sale Date, pursuant to the same plan of financing as the Bonds and the Taxable Bonds. For federal tax purposes, the Bonds and the Taxable Bonds are considered separate issues.

1.6 Definitions. Unless the context otherwise requires, the following capitalized terms have the following meanings for purposes of this Tax Certificate:

"Adjusted Gross Proceeds" means Gross Proceeds, adjusted as set forth in Treasury Regulations Section 1.148-7(c)(3). Thus, Adjusted Gross Proceeds generally means Gross Proceeds, less Gross Proceeds held in (i) the Bona Fide Debt Service Funds and (ii) the Series 2003A Reserve Account, as described in Section 3.5 of this Tax Certificate (excluding any Restricted Amount).

"Available Construction Proceeds" means all Sale Proceeds (reduced by costs of issuing the Bonds financed from such Sale Proceeds and by the amount of Sale Proceeds deposited in the Series 2003A Reserve Account, if any), plus all Investment Proceeds earned or reasonably expected to be earned thereon.

"Bond Year" means the period beginning on the Closing Date and ending on August 27, 2004, (unless an earlier date is chosen by the Authority) and each successive one year period thereafter. The last Bond Year will end on the last day on which any Bonds are outstanding.

"Closing Date" means the date of this Tax Certificate.

"Code" means the Internal Revenue Code of 1986 and the applicable Treasury Regulations.

"Gross Proceeds" has the meaning used in Treasury Regulations Section 1.148-1(b), and generally means all proceeds derived from or relating to the Bonds, including Sale Proceeds, Investment Proceeds and amounts to be used to pay debt service on the Bonds.

"Investment Proceeds" means the earnings received from investing and reinvesting the Sale Proceeds and from investing and reinvesting such earnings.

"Investment Property" means any security or obligation, any annuity contract, or any other investment-type property, but does not include any tax-exempt obligation, unless such obligation is a "specified private activity bond" within the meaning of Section 57(a)(5)(C) of the Code.

"Net Sale Proceeds" means Sale Proceeds, less $100,000 and less any Sale Proceeds deposited in the Series 2003A Reserve Account.

"Nonpurpose Investment" means any Investment Property in which Gross Proceeds are invested.

"Opinion of Counsel" means a written opinion of nationally recognized bond counsel, delivered to the Trustee, to the effect that interest on the Bonds will not be included in gross income for federal income tax purposes.

"Rebate Requirement" means the amount of rebatable arbitrage computed as of the last day of any Bond Year pursuant to Treasury Regulations Section 1.148-3.

"Sale Proceeds" means the principal amount of the Bonds plus the net original issue premium of $49,420.85, or $16,129,420.85.

"Yield" means that discount rate described in Section 3.14 of this Tax Certificate.

II.

GENERAL TAX LIMITATIONS

2.1 Cross Reference. Part III below refers to the expectations and limitations relating to arbitrage; part IV refers to the expectations and limitations relating to rebate.

2.2 Governmental Bond Status. The City will hold and use most of the proceeds of the Bonds in order to finance the Project. All other Sale Proceeds and Investment Proceeds are expected to be held by the Trustee pursuant to the Trust Agreement.

2.2.1 No Private Loan Bonds. Absent an Opinion of Counsel, the Authority and the City have not loaned and will not loan more than 5% of the proceeds of the Bonds to one or more Nongovernmental Persons other than in their roles as members of the general public, and have not loaned and will not loan more than 5% of the proceeds of the Bonds to any Nongovernmental Persons unless such loan enables the Authority or the City to finance a specific essential governmental function and such loan is paid with the proceeds of a governmental assessment of general application.

2.2.2 No Private Activity Bonds. Absent an Opinion of Counsel, the Authority and the City have not allowed and will not allow more than 10% of Sale Proceeds and Investment Proceeds of the Bonds or the Project to be used directly or indirectly by any Nongovernmental Person in any trade or business, other than as a member of the general public. For purposes of the preceding sentence, "10%" is reduced to "5%" for nongovernmental use of any facilities financed from proceeds of the Bonds which are disproportionate to or not related to the governmental purposes of the Bonds. Absent an Opinion of Counsel, for purposes of this Section 2.2, a Nongovernmental Person will be treated as "using" proceeds of the Bonds to the extent the Nongovernmental Person

(i) borrows Bond proceeds,

(ii) uses the Project (e.g., as owner, lessee, service provider, operator or manager),

(iii) acquires the output (or throughput) of the Project, if any, or

(iv) acquires or uses technology developed at the Project, if any.

For purposes of this Section 2.2, the "use" of the proceeds of the Bonds or the Project includes, without limitation, the lease or rental of the Project, or any portion thereof, to third parties which are not Governmental Units. Such term also includes any contract for the management or operation of any such facilities constituting the Project unless such contract meets the requirements of Revenue Procedure 97-13, as described below. In addition, Section 1.145-2 of the Treasury Regulations, together with Section 1.141-3(c) and (d), provide that use of the Project on a nondiscriminatory basis by the general public and certain short-term uses and incidental uses will not be considered impermissible use of the Project.

As set forth in Section 3.9 herein, a portion of the Sale Proceeds deposited in the Costs of Issuance Fund will be used to pay for the costs of issuing the Taxable Bonds. Such amount does not exceed the private use limitations provided in this Section.

2.2.3 Management Contracts; Professional Service Contracts. With respect to any management contract, service contract, agreement or arrangement that provides for the management, operation or provision of services with respect to the facilities or any portion thereof financed with proceeds of the Bonds (a "Service Contract"), the Authority and the City represent, warrant and covenant that neither the Authority nor any person who is a related person to the Authority (including the City) will enter into, or has entered into, any Service Contract with any person or organization other than a state or local government unit unless the guidelines set forth in Revenue Procedure 97-13 (the "Guidelines") are satisfied. The requirements of the preceding sentence do not apply to the extent the Authority or the City obtains a private letter ruling from the Internal Revenue Service or an Opinion of Counsel which allows for a variation from the Guidelines. Such contracts, agreements or arrangements that relate to the use or operation of the Project, professional corporations or other "service providers," as that term is used in the Guidelines (the "Service Provider"), will satisfy the Guidelines if and only if each of the following (a) through (e) is satisfied:

(a) The compensation of the Service Provider under the contract must be reasonable for the services rendered.

(b) The contract must not provide for any compensation for services, based in whole or in part, on a share of net profits from the operation of the Project. Generally, compensation is not based on a share of net profits if such compensation is based on a "capitation fee" or a "per-unit fee." Under the Guidelines, "capitation fee" means a fixed periodic amount for each person for whom the Service Provider assumes the responsibility to provide all needed services for a specified period (so long as the quantity and type of services actually provided to covered persons varies substantially). Under the Guidelines, a "per-unit fee" means a fee based on a unit of service provided.

(c) The contract must provide for a compensation arrangement for the Service Provider that satisfies any one of the following six paragraphs:

(i) At least 50% of the compensation for services for each annual period during the term of the service contract is based on a periodic fixed fee. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Authority or the City on reasonable notice, without penalty or cause, at the end of the third year of the contract. In addition, the term of the contract may not exceed five years, including renewal options.

(ii) All of the compensation for services is based on a "capitation fee" or a combination of a "capitation fee" and a periodic fixed fee. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Authority or the City on reasonable notice, without penalty or cause, at the end of the third year of the contract. In addition, the term of the contract may not exceed five years, including renewal options.

(iii) If the contract has a term, including renewal options, that is not longer than three years, all of the Service Provider's compensation may be based on "per-unit fee" or a combination of a "per-unit fee" and a periodic fixed fee. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Authority or the City on reasonable notice, without penalty or cause, at the end of the second year of the contract term.

(iv) If the contract has a term, including renewal options, that is not longer than two years, all of the Service Provider's compensation may be based on a percentage of fees charged or a combination of a "per-unit fee" and a percentage of revenue or expense fee. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Authority or the City on reasonable notice, without penalty or cause, at the end of the first year of the contract term. In addition, the contract must (A) require the Service Provider to provide services primarily to third parties; or (B) involve a facility during an initial start-up period for which there have been insufficient operations to establish a reasonable estimate of the amount of the annual gross revenues and expenses (e.g., a service contract for general management services for the first year of operations). During the start-up period only, the Service Provider's compensation may be based on a percentage of either gross revenues, adjusted gross revenues, or expenses of the Project.

(v) At least 95% of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee. The term of the contract, including all renewal options, must not exceed the lesser of 80% of the reasonably expected useful life of the financed property and 15 years. For purposes of this Section 2.2.3, "periodic fixed fee" may include a one-time incentive award that, according to and during the term of the contract, automatically increases compensation by a single, stated dollar amount when a gross revenue or expense target (but not both) is reached. In the event that all of the Bond-financed property subject to the contract is a facility or system of facilities consisting of predominantly public utility property (within the meaning of Section 168(i)(10) of the Code), "20 years" shall replace "15 years" in this Section 2.2.3.

(vi) At least 80% of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee. The term of the

contract, including all renewal options, must not exceed the lesser of 80% of the reasonably expected useful life of the financed property and 10 years. For purposes of this Section 2.2.3, "periodic fixed fee" may include a one-time incentive award that, according to and during the term of the contract, automatically increases compensation by a single, stated dollar amount when a gross revenue or expense target (but not both) is reached. In the event that all of the Bond-financed property subject to the contract is a facility or system of facilities consisting of predominantly public utility property (within the meaning of Section 168(i)(10) of the Code), "20 years" shall replace "10 years" in this Section 2.2.3.

(d) Under the Guidelines, contract termination penalties include (1) a limitation on the Authority's right to compete with the Service Provider; (2) a requirement that the Authority purchase equipment, goods, or services from the Service Provider; and (3) a requirement that the Authority pay liquidated damages for cancellation of the service contract. However, the Guidelines generally do not treat the following as contract termination penalties: (1) a requirement, effective on cancellation of the contract, that the Authority reimburse the Service Provider for ordinary and necessary expenses; and (2) a restriction on the Authority against hiring key personnel of the Service Provider.

(e) The Service Provider does not have a role or relationship with the Authority (or the City) that, in effect, substantially limits the ability of the Authority to exercise its rights, including cancellation rights, under the service contract.

2.3 Change in Use. The Authority and the City reasonably expect to use all Bond proceeds and all facilities that are financed from Bond proceeds as set forth in Section 2.2 of this Tax Certificate for the entire stated term to maturity of the Bonds. Absent an Opinion of Counsel, the Authority and the City in fact will use all Bond proceeds and each facility financed from Bond proceeds as set forth in Section 2.2 of this Tax Certificate.

2.4 Registered Form. The Bonds are being issued in registered form.

2.5 No Federal Guarantee. The City and the Authority will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City or the Authority or take or omit to take any action that would cause the Bonds to be obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code. In furtherance of this covenant, the City and the Authority will not allow the payment of the principal or interest with respect to the Bonds to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. Except as provided in the next sentence, the City and the Authority will not use 5% or more of the proceeds of the Bonds to make loans the payment of the principal or interest with respect to which are guaranteed in whole or in part by the United States or any agency or instrumentality thereof, nor will it invest 5% or more of the proceeds in federally insured deposits or accounts. The preceding sentence shall not apply to (i) temporary period investments of proceeds of the Bonds (described in Sections 3.8 and 3.9 below) until they are used for the purpose for which the Bonds are issued, (ii) investments in the Series 2003A Principal Account, the Series 2003A Interest Account and the Series 2003A Reserve Account within the Series 2003 Revenue Fund, (iii) the Costs of Issuance Fund, or (iv) investments in bonds issued by the United States Treasury.

2.6 Expenditure of Gross Proceeds. For purposes of this Tax Certificate, Gross Proceeds will be treated as spent when they are used to pay or reimburse disbursements by the Authority or the City that are (i) capital expenditures relating to the Project, (ii) costs of issuing the Bonds, (iii) interest on the Bonds through the later of three years after the Closing Date or one year after the Project is placed in service, (iv) initial operating expenses directly associated with the Project (in aggregate amount not exceeding 5% of the Sale Proceeds), or (v) other miscellaneous expenditures described in Treasury Regulations Section 1.148-6(d)(3)(ii). The Authority and the City hereby covenant, certify and warrant that no disbursement to be paid or reimbursed from Gross Proceeds shall have been previously paid or reimbursed from the proceeds of any other obligation, whether issued by the Authority, the City or any other party. Absent an Opinion of Counsel, all expenditures of Gross Proceeds will be made in respect of (a) Preliminary Expenditures, (b) capital expenditures reimbursed in respect of payments made by the Authority or the City on or after 60 days prior to the Closing Date relating to the Project, (c) costs of issuing the Bonds, or (d) other payments described in (i) through (v) above that are made by the Authority or the City on or after the Closing Date. In connection with all expenditures of Gross Proceeds described in (b), the reimbursement allocation will be made no later than the later of 18 months after the Closing Date or the date on which the Project is placed in service, but in no event later than three years after the date of expenditure.

The Authority and the City expect no reimbursements as of the Closing Date.

2.7 Information Reporting. The Authority shall cause Form 8038-G to be filed with respect to the Bonds no later than November 15, 2003.

2.8 No Pooling. The City and the Authority do not expect to use and will not use the proceeds of the Bonds directly or indirectly to make or finance loans to two or more ultimate borrowers.

2.9 No Hedge Bonds. The City and the Authority reasonably expect that more than 85% of Net Sale Proceeds will be expended for governmental purposes of the Bonds before August 27, 2006. The City and the Authority also reasonably expect that at least 10% of the Net Sale Proceeds will be expended for governmental purposes of the Bonds before August 27, 2004, and that at least 30% of the Net Sale Proceeds will be expended for governmental purposes of the Bonds before August 27, 2005. Not more than 50% of Bond proceeds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more. In addition, the payment of legal and underwriting costs associated with issuance of the Bonds is not contingent, and at least 95% of all legal and underwriting costs associated with issuance of the Bonds will be paid no later than 180 days after the Closing Date.

2.10 No Refunding. None of the proceeds of the Bonds will be used to pay principal of or interest on any other obligation.

III.

ARBITRAGE

3.1 Reasonable Expectations; Reliance on Others. This Part III states the reasonable expectations of the City and the Authority with respect to the amounts and uses of the proceeds of the Bonds and certain other funds. The expectations of the City and the Authority concerning certain uses of the proceeds of the Bonds and certain other moneys described herein and other matters are based in whole or in part upon representations of other parties as set forth in this Tax Certificate or exhibits hereto. The City and the Authority are not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representations made in this Tax Certificate, including exhibits attached to this Tax Certificate.

3.2 Offering Price. The Authority is delivering the Bonds to the Underwriter on the date hereof in exchange for payment of the Sale Proceeds, less the underwriter's discount of $152,760.00. Based upon the advice of the Underwriter (contained in Exhibit A hereto), the Bonds have been reoffered to the public (excluding any bondhouse, broker or other intermediary) at prices set forth in Schedule to Exhibit A, and the initial offering prices are reasonable under customary standards in the applicable tax-exempt market as of the Sale Date.

3.3 Sale Proceeds. The Authority will cause the Sale Proceeds, less an underwriter's discount of $152,760.00, less the premium for the Insurance of $284,000.00 and less the fee for the Surety of $30,000.00, to be used or deposited as follows:

Series 2003A Reserve Account	$ 804,000.00
Series 2003A Interest Account (capitalized interest)	1,555,519.03
Costs of Issuance Fund	303,141.82
Transfer to the City	13,000,000.00
	$15,662,660.85

3.4 Investment Proceeds. Investment Proceeds earned on amounts in all funds and accounts established for the Bonds (except the Series 2003A Reserve Account) are retained in each respective fund or account. Investment Proceeds earned on amounts in the Series 2003A Reserve Account are transferred to the Series 2003 Revenue Fund.

3.5 Funds and Accounts. Pursuant to the Trust Agreement, Authority has established or will establish the following funds and accounts:

Series 2003 Revenue Fund
- Series 2003A Principal Account
- Series 2003A Interest Account
- Series 2003A Reserve Account

Costs of Issuance Fund
Series 2003A Rebate Fund
Series 2003A Project Account

In addition, a Special Fund is established for the Bonds and other debt of the Authority.

The Authority, the City or any other person benefiting from the issuance of the Bonds will not use any fund or account other than the Special Fund or the Series 2003A Interest Account and Series 2003A Principal Account, directly or indirectly, to pay principal of or interest on the Bonds; nor is any other fund or account, however established, other than the Series 2003A Reserve Account within the Series 2003 Revenue Fund, so pledged as security for the Bonds that there is a reasonable assurance that amounts held in such fund or account will be available if needed to pay debt service with respect to the Bonds.

3.6 No Other Replacement Proceeds. The Authority, the City or any related person will not use any proceeds of the Bonds directly or indirectly to replace funds of the Authority, the City or any related persons that are used directly or indirectly to acquire investment property reasonably expected to produce a yield materially higher than the yield on the Bonds. The weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project.

3.7 No Overissuance. The total amount of Sale Proceeds, together with Investment Proceeds reasonably expected to be earned thereon, do not exceed the amount necessary for the purposes described in Section 1.3 of this Tax Certificate.

3.8 Three-Year Temporary Period. Sale Proceeds in the amount of $21,007,750.20 will be transferred to the City on the Closing Date. Such amount, and Investment Proceeds thereon, will continue to be treated as proceeds of the Bonds for federal income tax purposes until expended by the City on capital projects. The Authority and the City reasonably expect that at least 85% of the Net Sale Proceeds will be spent to pay costs of issuing the Bonds and costs of the Project before August 27, 2006. The Authority and the City heretofore have collectively incurred or within six months after the Closing Date will incur a binding obligation to one or more unrelated parties involving an expenditure of not less than 5% of Net Sale Proceeds. Completion of the Project and allocations of Net Sale Proceeds and Investment Proceeds to costs of the Project and costs of issuing the Bonds will proceed with due diligence. Amounts transferred to the City for the Project and amounts deposited in the Costs of Issuance Fund will be invested without regard to yield through August 27, 2006. Any amounts leftover from the transfer to the City for the Project, plus Investment Proceeds thereon, and in the Costs of Issuance Fund after August 27, 2006 shall not be invested to produce a yield higher than the yield on the Bonds.

3.9 Costs of Issuance Fund. Sale Proceeds and Investment Proceeds deposited in the Costs of Issuance Fund will be used to pay costs of issuing the Bonds and the Taxable Bonds. See Section 2.2 herein. Any amounts remaining in such fund will be transferred to Series 2003 Revenue Fund.

3.10 Bona Fide Debt Service Fund.

3.10.1 Payment of the Bonds. The Bonds are limited obligations of the Authority payable from Revenues.

3.10.2 Revenues. The Authority will deposit in the Special Fund all Revenues. Such Revenues will exceed debt service on the Bonds during each payment period, and all amounts transferred from the Special Fund for the payment of debt service will be from current receipts.

3.10.3 Match Between Revenues and Debt Service. The Special Fund (to the extent moneys in the fund are transferred to the Series 2003A Interest Account and Series 2003A Principal Account), the Series 2003A Interest Account (excluding amounts therein for capitalized interest after the first Bond Year) and the Series 2003A Principal Account (collectively, the "Bona Fide Debt Service Funds") will be used primarily to achieve a proper matching of revenues and debt service within each Bond Year. Such funds in the aggregate will be depleted at least once a year except for a carryover amount not to exceed the greater of the earnings on such funds for the immediately preceding Bond Year or 1/12th of the principal and interest payments on the Bonds for the immediately preceding Bond Year. Amounts contributed to each such fund or account will be spent within thirteen months after the date of receipt by the Authority, and any amounts received from the investment or reinvestment of moneys held in such funds will be expended within one year after the date of accumulation thereof in such funds. Amounts in the Bona Fide Debt Service Funds shall be invested without regard to yield.

3.11 Series 2003A Interest Account for Capitalized Interest. Sale Proceeds are deposited in the Series 2003A Interest Account on the Closing Date. Such amount, plus Investment Proceeds thereon, are expected to be used to pay capitalized interest on the Bonds through approximately September 1, 2005, or costs of the Project. To the extent amounts in the Series 2003A Interest Account for capitalized interest do not qualify as part of the Bona Fide Debt Service Funds (see Section 3.10.3 above), such amounts are eligible for the same Three-Year Temporary Period set forth in Section 3.8 herein.

3.12 Series 2003A Reserve Account. As reflected in Exhibit A hereto, the Underwriter has advised that the funding of the Series 2003A Reserve Account (the "Reserve Account") with the proceeds of the Bonds and the Surety, collectively, is reasonably required in that it was a material factor in selling the Bonds at the lowest possible yield (given other characteristics of the Bonds) without regard to any benefit from positive net investment earnings on amounts held in the Series 2003A Reserve Account, and that it is reasonable and customary in marketing similar issues of governmental obligations. On the Closing date, the amount deposited in or credited to the Series 2003A Reserve Account does not exceed the least of the following amounts: (i) 10% of the original amount of the Bonds, (ii) maximum annual debt service on the Bonds, or (iii) 125% of average annual debt service on the Bonds. Amounts in the Series 2003A Reserve Account that do not exceed the least of (i) through (iii) above will be invested without regard to yield. Absent an Opinion of Counsel, any amount properly allocable to the Bonds in the Series 2003A Reserve Account that exceeds the least of (i) through (iii) above (the "Restricted Amount") will be invested as set forth in Section 4.3 of this Tax Certificate.

3.13 Series 2003A Rebate Fund. A special fund designated the Series 2003A Rebate Fund is hereby established. The Trustee is hereby required to keep the Series 2003A Rebate Fund separate and apart from all other funds and monies held by it and to administer the Series 2003A Rebate Fund as directed by the Authority. The Authority has covenanted not to

use monies on deposit in any fund or account in connection with the Bonds in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The amount required to be held in the Series 2003A Rebate Fund at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code. Moneys in the Series 2003A Rebate Fund are neither pledged to nor expected to be used to pay debt service on the Bonds. Sale Proceeds and Investment Proceeds of the Bonds are not expected to be held in the Series 2003A Rebate Fund. Amounts in the Series 2003A Rebate Fund will be invested without regard to yield.

3.14 Yield. For purposes of this Tax Certificate, yield is calculated as set forth in Section 148(b) of the Code and Treasury Regulations Sections 1.148-4 and 1.148-5. Thus, yield on the Bonds or yield on Investment Property generally means that discount rate which, when used in computing the present value of all unconditionally payable payments representing principal, interest, and, with respect to the yield on the Bonds, the cost of qualified guarantees paid and to be paid with respect to the Bonds, produces an amount equal to the issue price of the Bonds or the purchase price of the Investment Property, as appropriate. The issue price of the Bonds is $16,129,420.85, which represents the price at which the Bonds are being sold to the ultimate purchasers of the Bonds, as represented by the Underwriter in Exhibit A hereto. For purposes hereof, yield shall be calculated on a 360-day year basis with interest compounded semiannually. The yield on the Bonds has been calculated to be at least 5.09719%.

3.15 Qualified Guarantee. In computing the yield on the Bonds as described above, the amount of the premium for the Insurance and the fees for the Surety, severally, are treated as qualified guarantee payments with respect to the Bonds. This is based upon the representations of the Underwriter and MBIA (set forth in certificates attached hereto as Exhibit A and Exhibit B, respectively) that the premium for the Insurance and the fees for the Surety, severally, do not exceed a reasonable, arm's-length charge for the transfer of credit risk, and that the present value of interest saved as a consequence of the Insurance and the Surety, respectively, exceeds the present value of the premium for the Insurance and the fees for the Surety, as applicable. The Authority believes that such fees are reasonable. The premium for the Insurance and the fees for the Surety, severally, do not include any payment for any direct or indirect services other than the transfer of credit risk.

3.16 Yield Restriction. Unless otherwise authorized by an Opinion of Counsel, if the sum of (A) any Restricted Amount in the Series 2003A Reserve Account, plus (B) any Sale Proceeds or Investment Proceeds (but excluding amounts held in the Series 2003A Reserve Account) remaining unexpended after August 27, 2006, plus (C) any amounts held in the Bona Fide Debt Service Funds remain unexpended after 13 months from the date of accumulation and in the aggregate exceeds $100,000, the excess will be invested either (i) in assets that are not Investment Property or (ii) in Investment Property with a yield not exceeding the yield on the Bonds.

3.17 No Abusive Arbitrage Device. The Bonds are not and will not be part of a transaction or series of transactions (i) enables the Authority or any related person to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and (ii) overburdens the market for tax-exempt obligations in any manner, including, without limitation, by selling bonds that would not otherwise be sold, or selling more bonds, or issuing

bonds sooner, or allowing bonds to remain outstanding longer, than otherwise would be necessary.

3.18 No Expected Sale. It is not expected that the Project financed with the Bonds will be sold or otherwise disposed of before September 1, 2025, the last scheduled maturity of the Bonds.

IV.

REBATE

4.1 Undertakings; Records from the City. The Authority, pursuant to the Trust Agreement, has covenanted to comply with certain requirements of the Code. The Authority acknowledges that the United States Department of the Treasury has issued regulations with respect to certain of these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. (Treasury Regulations Sections 1.148-1 through 1.148-11, 1.150-1 and 1.150-2.) The Authority covenants that it will undertake to determine precisely what is required with respect to the rebate provisions contained in Section 148(f) of the Code and said regulations from time to time and will comply with any requirements that may be applicable to the Bonds. Except to the extent inconsistent with any requirements of the Code or the regulations or future regulations, the Authority will undertake the methodology described in this Tax Certificate.

The City acknowledges that the Authority has primary responsibility for complying with the rebate covenants set forth in Article IV herein, even though the City will spend and have control over a portion of the Bond proceeds. In such connection, the City hereby covenants to keep and provide to the Authority, on a timely basis, all information and records requested by the Authority for the purpose of complying the requirements set forth in this Article.

4.2 Recordkeeping. The Authority shall maintain or cause to be maintained detailed records with respect to each Nonpurpose Investment attributable to Gross Proceeds of the Bonds, including: (a) purchase date; (b) purchase price; (c) information establishing fair market value on the date such investment became a Nonpurpose Investment; (d) any accrued interest paid; (e) face amount; (f) coupon rate; (g) periodicity of interest payments; (h) disposition price; (i) any accrued interest received; and (j) disposition date. Such detailed recordkeeping is required to facilitate the calculation of the Rebate Requirement.

4.3 Rebate Requirement Calculation and Payment.

(a) The Authority will prepare or cause to be prepared an annual calculation of the Rebate Requirement consistent with the rules described in this Section 4.3. (The interim calculations not falling at the close of the periods referred to in Section 4.3(c) below may be made as of the close of the Bond Years involved or as of other dates more convenient to the Authority, and such dates shall be treated as the close of Bond Years for purposes of this Section 4.3.) The Authority will complete the annual calculation of the Rebate Requirement

within 55 days after the close of each Bond Year and within 55 days after the first date on which there are no outstanding Bonds.

(b) For purposes of calculating the Rebate Requirement (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its fair market value (determined as provided in Section 1.148-5(d)(6) of the Treasury Regulations as applicable) at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment (based on the assumed purchase price at fair market value and adjusted to take into account amounts received with respect to the Nonpurpose Investment and earned original issue discount or premium) on the first date when there are no outstanding Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The Authority shall pay to the United States Department of the Treasury not later than 60 days after the end of the fifth Bond Year and each succeeding Bond Year, an amount equal to 90% and, not later than the first date when there are no outstanding Bonds, an amount equal to 100% of the Rebate Requirement (determined as of the end of the immediately preceding Bond Year) plus any actual or imputed earnings on such Rebate Requirement, all as set forth in Section 1.148-3 of the Treasury Regulations.

(d) Each payment required to be made pursuant hereto shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date such payment is due, and shall be accompanied by Form 8038T. The Authority shall retain records of the calculations required by this Section 4.3 until 6 years after the retirement of the last of the Bonds.

4.4 Exceptions from Rebate Requirement. The Authority may be relieved of the obligation to pay rebate to the United Stated pursuant to the exceptions described in this Section 4.4.

4.4.1 Bona Fide Debt Service Fund Exception. No rebate calculations shall be made for any Bond Year with respect to any moneys held in a bona fide debt service fund relating to the Bonds (as described in Section 3.10 of this Tax Certificate).

4.4.2 Six-Month Rebate Exception. In general, no rebate calculations will be required with respect to the Adjusted Gross Proceeds if all of such Adjusted Gross Proceeds actually are spent within six months after the Closing Date.

4.4.3 Eighteen-Month Expenditure Exception. In general, no rebate calculations will be required with respect to Sale Proceeds or Investment Proceeds, other than such proceeds held in the Series 2003A Reserve Account, if at least 15% of expected Adjusted Gross Proceeds actually are spent within six months after the Closing Date, at least 60% of expected Adjusted Gross Proceeds actually are spent within twelve months after the Closing Date, and 100% of actual Adjusted Gross Proceeds actually are spent within eighteen months after the Closing Date. For purposes of the 15% and the 60% expenditure exceptions listed in the previous sentence, the amount of Investment Proceeds that is included in such Adjusted Gross Proceeds is determined based only on the expected investment earnings as of the Closing Date. The requirement that

100% of such actual Adjusted Gross Proceeds be spent within eighteen months after the Closing Date will be met if at least 95% of Adjusted Gross Proceeds is spent within eighteen months and the remainder is held as a reasonable retainage, as permitted by contracts with the Authority's contractors, and such remainder is spent within thirty months after the Closing Date.

4.4.4 Two-Year Construction Expenditures Exception. In determining the amount of Available Construction Proceeds as of any date, there shall be included the amount of investment earnings reasonably expected after such date, together with investment earnings actually received or accrued as of such date. See Section 1.6 of this Tax Certificate, defining "Available Construction Proceeds." The Authority reasonably expects that at least 75% of Available Construction Proceeds will be expended for construction expenditures with respect to the Project. For this purpose, construction expenditures include costs of reconstruction and rehabilitation, but do not include costs of acquiring any interest in land or other existing real or personal property. In general, no rebate calculations will be required in respect of Available Construction Proceeds if Available Construction Proceeds in fact are spent at least as quickly as follows:

10%	within six months after the Closing Date
45%	within twelve months after the Closing Date
75%	within eighteen months after the Closing Date
100%	within twenty-four months after the Closing Date

For purposes of the first three expenditure requirements above, the amount of Investment Proceeds included in the Available Construction Proceeds is determined based only on the Authority's reasonable expectations as of the Closing Date. The requirement that 100% of Available Construction Proceeds be spent within twenty-four months after the Closing Date will be met if at least 95% of Available Construction Proceeds is spent within twenty-four months and the remainder is held as a reasonable retainage, as permitted by contracts with the Authority's contractors, and such remainder is spent within thirty-six months after the Closing Date.

4.5 Investments and Dispositions. (a) General Rule. No Investment Property may be acquired with Gross Proceeds for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) in excess of the fair market value of such Investment Property. No Investment Property may be sold or otherwise disposed of for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) less than the fair market value of the Investment Property.

(b) Fair Market Value. In general, the fair market value of any Investment Property is the price at which a willing buyer would pay to a willing seller to acquire the Investment Property, with no amounts paid to artificially reduce or increase the yield on such Investment Property. This Section 4.5 describes various safe harbors for determining fair market value. Other methods may be used to establish fair market value, provided, however, that such methods comply with the requirements of Section 1.148-5(d)(6) of the Treasury Regulations.

(c) Arm's-length Purchase and Sales. If Investment Property is acquired pursuant to an arm's length transaction without regard to any amount paid to reduce the yield on the Investment Property, the fair market value of the Investment Property shall be the amount paid for the Investment Property (without increase for transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations). If Investment Property is sold or otherwise disposed of in an arm's length transaction without regard to any reduction in the disposition price to reduce the Rebate Requirement, the fair market value of the Investment Property shall be the amount realized from the sale or other disposition of the Investment Property (without reduction for transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations).

(d) SLGS. If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Department of the Treasury (as in the case of the United States Treasury Securities - State and Local Government Series ("SLGS") obligations), such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation.

(e) Investment Contracts. The purchase price of any Investment Property acquired pursuant to a guaranteed investment contract (within the meaning of Section 1.148-1(b) of the Treasury Regulations) shall be determined as provided in Section 1.148-5 of the Treasury Regulations. No investment contract shall be acquired with Gross Proceeds unless the requirements of Section 1.148-5 of the Treasury Regulations and this Section 4.5(e) are satisfied. With respect to any investment contract, the Authority will obtain from the provider of the investment contract, broker thereof or other party, such information, certification or representation as will enable the Authority to determine that these requirements are satisfied.

The purchase price of an investment contract will be considered to be fair market value if:

(1) the Authority has made (or has had made on its behalf) a bona fide solicitation for the investment contract; the solicitation must have specified the material terms of the investment contract (i.e., all the terms that could directly or indirectly affect the yield or the cost of the investment including the collateral security requirements for the investment contract) and, unless the moneys invested pursuant to such investment contract will be held in the Reserve Account or in Bona Fide Debt Service Funds, the Authority's reasonably expected drawdown schedule for the moneys to be invested; the solicitation has a legitimate business purpose (i.e., a purpose other than to increase the purchase price or reduce the yield) for every term of the bid specification;

(2) all bidders have an equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(3) the Authority solicits bids from at least three (3) investment contract providers with established industry reputations as competitive providers of investment contracts;

(4) the Authority includes in the bid specifications a statement to potential bidders that by submitting a bid, the provider is making certain representations that the bid is bona fide, and specifically that 1) the bidder did not consult with any other potential provider about its bid, 2) the bid was determined without regard to any other formal or informal agreement that the potential provider had with the Authority or any other person, and 3) the bid was not submitted solely as a courtesy to the Authority or any other person for purposes of satisfying the requirements of Section 1.148-5 of the Treasury Regulations;

(5) at least three bids meeting the qualification requirements of the bid solicitation (as set forth in (1) above) have been received from different providers of investment contracts that have no material financial interest in the Bonds (the following investment contract providers are considered to have a material financial interest in the issue: 1) a lead underwriter in a negotiated underwriting, but only until 15 days after the issue date of the issue, 2) an entity acting as a financial advisor with respect to the purchase of the investment contract at the time the bid specifications were forwarded to potential providers; and 3) any related party to a provider that is disqualified for one of the two preceding reasons);

(6) at least one of the bids received by the Authority that meets the requirements of the preceding paragraph is from an investment contract provider with an established industry reputation as a competitive provider of investment contracts;

(7) the investment contract has a yield (net of any broker's fees) at least equal to the highest yielding of the qualifying bids received from the bidders that have no material financial interest in the Bonds; if the investment contract is not the highest-yielding of the qualifying bids, the Authority must have significant non-tax reasons, such as creditworthiness of the bidder, for failure to purchase the highest-yielding investment contract offered;

(8) if an agent for the Authority conducts the bidding process, the agent does not bid;

(9) the provider of the investment contract certifies as to all administrative costs to be paid on behalf of the Authority, including any fees paid as broker commissions in connection with the investment contract.

(f) Deemed Acquisition or Sale. The fair market value of any Investment Property not directly purchased with Gross Proceeds for which there is an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations) shall be determined as provided in this Section 4.5(f). (Any market especially established to provide Investment Property to an Authority of governmental obligations shall not be treated as an established securities market.) The price at which a willing buyer would purchase Investment Property that is traded in an established securities market generally shall be determined as provided in Section 20.2031-2 of the Estate Tax Regulations, as adjusted by Treasury Regulations Section 1.148 5(d).

(g) Certificates of Deposit. The purchase price of a certificate of deposit issued by a commercial bank that has a fixed interest rate, a fixed principal payment schedule, a fixed maturity and a substantial penalty for early withdrawal will be considered to be fair market value if:

(1) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(2) the yield on the certificate of deposit is not less than the highest published yield of the provider thereof which is currently available on comparable certificates of deposit offered to the public.

(h) Broker Compensation. For purposes of computing the yield on any Investment Property which has been acquired through a broker or other intermediary obtaining bids for such Investment Property, any compensation which is received by such broker or other intermediary, whether payable by or on behalf of the obligor or obligee under such Investment Property, shall be treated as set forth in Treasury Regulations Section 1.148-5(e). Any broker or other intermediary compensation with respect to an investment contract that exceeds the amount permitted pursuant to the regulations will be treated as additional earnings to the Authority.

4.6 Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Authority shall cause to be established separate subaccounts or shall cause the Trustee to take such other accounting measures as are necessary in order to account fully for all Gross Proceeds.

4.7 Filing Requirements. The Authority will file or cause to be filed such reports or other documents with the Internal Revenue Service as are required by the Code.

4.8 Retention of Firm. The Authority hereby undertakes to satisfy its obligation to perform the rebate calculations that may be required to be made from time to time with respect to the Bonds. To that end the Authority has decided not, at this time, to designate a party responsible for performing rebate calculations that may be required to be made from time to time with respect to the Bonds and as a result undertakes and assumes full responsibility for rebate compliance and acknowledges that Bond Counsel has no such responsibility (unless later engaged in writing for such purpose).

V.

OTHER MATTERS

5.1 Expectations. The undersigned is an authorized representative of the Authority, and is acting for and on behalf of the Authority in executing this Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

5.2 Amendments. Notwithstanding any provision of this Tax Certificate, the Authority may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is supported by an Opinion of Counsel that such amendment will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

5.3 Survival of Defeasance. Notwithstanding any provision of this Tax Certificate or the Trust Agreement to the contrary, the obligation to remit the Rebate Requirement, if any, to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive the defeasance of the Bonds.

Dated: August 27, 2003.

RICHMOND JOINT POWERS
FINANCING AUTHORITY

By _____
Treasurer/Controller

CITY OF RICHMOND

By _____
Authorized Representative

EXHIBIT A

CERTIFICATE OF THE UNDERWRITER

RBC Dain Rauscher Inc. has acted as the underwriter (the "Underwriter") in connection with the issuance by the Richmond Joint Powers Financing Authority of its Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Bonds") in the aggregate principal amount of $16,080,000, and hereby certify and represent the following:

A. Issue Price.

1. As of August 13, 2003 (the "Sale Date"), the Underwriter had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriter or wholesalers) in a bona fide public offering at the prices shown on schedule hereto.

2. The issue prices of the Bonds do not exceed the fair market prices as of the Sale Date.

3. As of the Sale Date, all of the Bonds have been offered to the general public in a bona fide offering at such prices, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices.

B. Yield.

Using a semiannual compounding convention, the yield on the Bonds has been computed by the Underwriter to be at least 5.09719%.

C. Series 2003A Reserve Account.

The amount of the Reserve Account Requirement with respect to the Bonds, being satisfied on the date hereof with a deposit of proceeds from the Bonds and the Surety, is reasonably required in that it is not in excess of the amounts used in similar tax-exempt bond issues and it was a material factor in the marketing of the Bonds.

D. Qualified Guarantee.

The present value of the charges for each of the Insurance and the Surety, severally, to be provided by the MBIA Insurance Corporation with respect to the Bonds, does not exceed the present value of the interest expected to be saved as a result of the Insurance or the Surety, as applicable. Each of the premium and fees charged for the Insurance and the Surety does not exceed a reasonable, arm's length charge for the transfer of credit risk.

Dated: August 27, 2003.

RBC DAIN RAUSCHER INC.

By_____
Authorized Representative

SCHEDULE TO EXHIBIT A

Maturity Date (August 1)	Principal Amount	Reoffering Price
2008	$ 425,000.00	101.162%
2009	440,000.00	100.271
2010	455,000.00	99.691
2011	470,000.00	101.025
2012	490,000.00	99.625
2013	510,000.00	100.811
2014	530,000.00	99.564
2015	555,000.00	100.560
2016	575,000.00	99.221
2017	605,000.00	98.164
2018	630,000.00	98.352
2025	10,395,000.00	97.395

EXHIBIT B

CERTIFICATE OF MBIA

[Attached]

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

MBIA

Capital Strength. Triple-A Performance.

TAX CERTIFICATE

Richmond Joint Powers Financing Authority
2600 Barrett Avenue
Richmond, California 94804

RE: $16,080,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)

$804,000 Debt Service Reserve Fund for the $16,080,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Obligations")

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Obligations"), MBIA Insurance Corporation (the "Insurer") is issuing a financial guaranty insurance policy (the "Policy") and debt service reserve fund surety bond (the "Surety Bond") securing the payment of principal and interest on the Obligations.

This is to advise you that:

1. The Policy and Surety Bond are unconditional obligations of the Insurer to pay scheduled payments of principal and interest on the Obligations in the event of a failure to do so by the Richmond Joint Powers Financing Authority (the "Issuer");

2. The insurance premiums in the amounts of $284,000 and $30,000, for the Policy and Surety Bond respectively, represent the charge for a transfer of credit risk and were determined in arm's length negotiations and are required to be paid as a condition to the issuance of the Policy and Surety Bond;

3. No portion of such premiums represents an indirect payment of costs related to the issuance of the Obligations other than for the transfer of credit risk;

4. The Insurer does not reasonably expect that it will be called upon to make any payment under the Policy;

5. To the extent the Insurer is called upon to make any payment under the Policy, the Insurer reasonably expects to pursue all available legal remedies to secure reimbursement for such payment; and

6. The Insurer would not have issued the Policy in the absence of a Debt Service Reserve Fund of the size and type established by the Trust Agreement, dated as of August 1, 2003, pursuant to which the Obligations are being issued.

Dated: August 27, 2003

MBIA Insurance Corporation

Assistant Secretary

Form **8038-G** (Rev. November 2000)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: **Richmond Joint Powers Financing Authority**	2 Issuer's employer identification number: **94 : 6000403**	
3 Number and street (or P.O. box if mail is not delivered to street address): 1401 Marina Way South	Room/suite	4 Report number: 301
5 City, town, or post office, state, and ZIP code: **Richmond, CA 94804**		6 Date of issue: **8/27/03**
7 Name of issue: **Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A**		8 CUSIP number: **76443NCQ5**
9 Name and title of officer or legal representative whom the IRS may call for more information: **Jay Corey, Treasurer/Auditor**	10 Telephone number of officer or legal representative: **(510) 620-6697**	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☐ Utilities	17	
18	☒ Other. Describe ▶ Capital Improvements	18	16,129,421
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

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Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	9/01/25	$ 16,129,421	$ 16,080,000	16.428882 years	5.0972 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0
23	Issue price of entire issue (enter amount from line 21, column (b))			23	16,129,421
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	455,902		
25	Proceeds used for credit enhancement	25	314,000		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	804,000		
27	Proceeds used to currently refund prior issues	27	0		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	1,573,902
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	14,555,519

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	years
33	Enter the last date on which the refunded bonds will be called ▶	
34	Enter the date(s) the refunded bonds were issued ▶	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	
b	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____		
38	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐		
39	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐		
40	If the issuer has identified a hedge, check box ▶ ☐		

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Jay M Corey — Signature of issuer's authorized representative

8/28/03 — Date

Jay Corey, Treasurer/Auditor — Type or print name and title

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

WRITTEN REQUEST OF THE RICHMOND JOINT POWERS FINANCING AUTHORITY TO THE TRUSTEE

To Union Bank Of California, N.A., San Francisco, California, as Trustee (the "Trustee") under the Trust Agreement (the "Trust Agreement"), dated as of August 1, 2003 between the Trustee and the Richmond Joint Powers Financing Authority (the "Authority"):

(i) Pursuant to the Trust Agreement, the Authority has caused its Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds") in the aggregate principal amount of $16,080,000 and its Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds") in the aggregate principal amount of $12,500,000 (the Series 2003A Bonds and the Series 2003B Bonds are hereafter collectively referred to as the "Bonds") to be executed for issuance under the Trust Agreement and to be delivered to you, as Trustee. You are hereby requested to authenticate the Series 2003A Bonds and the Series 2003B Bonds, in their respective fully registered forms, as requested by RBC Dain Rauscher Inc., the Underwriter, by executing the Certificate of Authentication appearing thereon, and, on the date set forth below, to deliver said $16,080,000 principal amount of Series 2003A Bonds and $12,500,000 principal amount of Series 2003B Bonds to or upon the order of said Underwriter, upon payment to you of the following net purchase prices:

	Series 2003A Bonds	Series 2003B Bonds	Total
Principal Amount	$16,080,000.00	$12,500,000.00	$28,580,000.00
Original Issue Premium (Original Issue Discount)	49,420.85	0.00	49,420.85
Underwriter's Discount	(152,760.00)	(118,750.00)	(271,510.00)
Insurance Premium wired to the Bond Insurer	(284,000.00)	(240,000.00)	(524,000.00)
Surety Premium wired to the Bond Insurer	(30,000.00)	(23,000.00)	(53,000.00)
Purchase Price wired to the Trustee	$15,662,660.85	$12,118,250.00	$27,780,910.85

(ii) You are hereby further requested, as Trustee, pursuant to Section 2.11 of the Trust Agreement, to deposit the amount of $27,780,910.85 received by you on the date hereof in the following accounts:

(a) in the Series 2003A Interest Account within Series 2003 Revenue Fund (established pursuant to Section 4.03(a) of the Trust Agreement) the sum of $1,555,519.03 representing capitalized interest through September 1, 2005;

(b) in the Series 2003B Interest Account within the Series 2003 Revenue Fund (established pursuant to Section 4.03(a) of the Trust Agreement), the sum of $1,492,863.87 representing capitalized interest through September 1, 2005;

(c) in the Costs of Issuance Fund (established pursuant to Section 2.11(e) of the Trust Agreement, the sum of $303,141.82 to pay the Costs of Issuance for the Bonds;

(d) in the Series 2003A Reserve Account within the Series 2003 Revenue Fund (established pursuant to Section 4.03(c)(i) of the Trust Agreement), the amount of $804,000.00;

(e) in the Series 2003B Reserve Account within the Series 2003 Revenue Fund (established pursuant to Section 4.03(c)(ii) of the Trust Agreement), the amount of $625,000.00; and

(f) in the Series 2003B Project Account pursuant to the Loan Agreement, the amount of $5,000,386.13.

(iii) You are hereby further requested, as Trustee, pursuant to Section 2.11 of the Trust Agreement, to transfer the amount of $18,000,000 (being an amount of $13,000,000 from the proceeds of the Series 2003A Bonds and $5,000,000 from the proceeds of the Series 2003 B Bonds) received by you on the date hereof to the City of Richmond.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Trust Agreement.

Dated: August 27, 2003

RICHMOND JOINT POWERS FINANCING AUTHORITY

By _____
Jay Corey
Treasurer/Auditor

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

REQUISITION NO. 1

To: UNION BANK OF CALIFORNIA, N.A., as Trustee (the "Trustee") under the Trust Agreement dated as of August 1, 2003, between the Trustee and the Richmond Joint Powers Financing Authority (the "Trust Agreement").

You are hereby authorized and directed, pursuant to Section 2.11(e) of the Trust Agreement, to pay to the persons the amounts in the manner indicated on Exhibit A hereto from the "Costs of Issuance Fund". The undersigned hereby certifies that said amounts represent expenses of the Authority properly chargeable to said account, and that said expenses have not been paid from any other source.

Dated: August 27, 2003

RICHMOND JOINT POWERS FINANCING AUTHORITY

Jay Corey
Treasurer/Auditor

EXHIBIT A

Payee	Amount	Purpose
Orrick, Herrington & Sutcliffe LLP	$215,250.00	Legal fees and expenses & preparation of transcripts
Standard & Poor's Ratings Services	16,000.00	Rating services
Pacific Financial Printing	9,325.90	Official Statement printing
Fraser & Associates	22,141.25	Tax Consultant fee
Union Bank of California, N.A.	5,746.00	Trustee and Dissemination Agent fee
California Municipal Statistics, Inc.	425.00	Debt Statement Information for Post 2004 Merged Project Area
	$268,888.15	

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

CERTIFICATE OF THE RICHMOND REDEVELOPMENT AGENCY PURSUANT TO SECTION 7(d)(6) OF THE BOND PURCHASE AGREEMENT

The undersigned, as Redevelopment Director of the Richmond Redevelopment Agency (the "Agency"), is delivering this certificate in accordance with Section 7(d)(6) of the Bond Purchase Agreement, dated August 14, 2003 (the "Bond Purchase Agreement"), by and among the Agency, the Richmond Joint Powers Financing Authority (the "Authority") and RBC Dain Rauscher Inc., as Underwriter, providing for the sale and purchase of $16,080,000 principal amount of the Authority's Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds"), and the $12,500,000 principal amount of its Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds"), and hereby certifies on behalf of the Agency that:

(i) the representations and warranties and covenants of the Agency contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the date hereof as if made on the date hereof, and the Agency has complied with all of the terms and conditions of the Bond Purchase Agreement required to be complied with by the Agency at or prior to the date hereof; and

(ii) to the best of our knowledge, no event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto and which should be disclosed in the Official Statement in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Purchase Agreement.

Dated: August 27, 2003

RICHMOND REDEVELOPMENT AGENCY

By _____
Steve Duran
Redevelopment Director

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

CERTIFICATE OF THE RICHMOND REDEVELOPMENT AGENCY REGARDING ISSUANCE OF PARITY OBLIGATIONS

The undersigned, as Redevelopment Director of the Richmond Redevelopment Agency (the "Agency"), hereby certifies on behalf of the Agency:

(i) that the Agency is in compliance with all covenants contained the Post-2004 Guaranty Agreement, dated as of November 1, 2000 (the "Agreement") by and between the Agency and the Richmond Joint Powers Financing Authority;

(ii) that no Event of Default under the Agreement, under any Post-2004 Parity Debt Instrument, under any Subordinate Debt Instrument or under any other instrument secured by tax increment revenues of the Agency with respect to the Project Area has occurred and is continuing; and

(iii) that the Post-2004 Pledged Tax Revenues to be received by the Agency in Fiscal Year 2003-04 based upon the most recent qualified assessment roll of the County (and calculated in accordance with the Agreement) are $3,870,163, which is at least one hundred twenty-five percent (125%) of Maximum Annual Post-2004 Debt Service.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

Dated: August 27, 2003

RICHMOND REDEVELOPMENT AGENCY

By _____
Steve Duran
Redevelopment Director

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

ACKNOWLEDGMENT OF CONTINUING DISCLOSURE OBLIGATIONS

The undersigned, Redevelopment Director of the Richmond Redevelopment Agency (the "Agency"), hereby acknowledges as follows in connection with the issuance and sale of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable) (collectively, the "Bonds"):

1. I have read and am familiar with the provisions of that certain Continuing Disclosure Agreement of the Agency dated as of August 1, 2003 (the "Continuing Disclosure Agreement"), and Section 4 of Resolution No. 03-24 adopted by the Agency on July 22, 2003.

2. Pursuant to Securities Exchange Commission Rule 15c2-12, the Agency has undertaken to file Annual Reports under the Continuing Disclosure Agreement (each such report an "Annual Report"), and the first Annual Report must be filed no later than 270 days after the end of the Agency's 2002-2003 Fiscal Year (presently ending June 30).

3. [Check one]

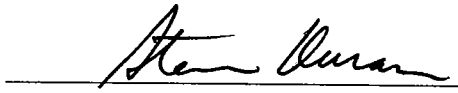
☐ The Agency intends to prepare and file the Annual Report itself without the assistance of any outside firm, and acknowledges that it has the sole responsibility for preparation and filing of the Annual Report.

☐ The Agency has retained the firm of _____, to assist it in preparing and filing the Annual Report.

☒ The Agency intends to retain a qualified firm to assist it in preparing and filing the Annual Report and acknowledges that it has the sole responsibility for retaining such a firm and, if such a firm is not timely retained, for preparation and filing of the Annual Report.

Dated: August 27, 2003

RICHMOND REDEVELOPMENT AGENCY



Steve Duran
Redevelopment Director

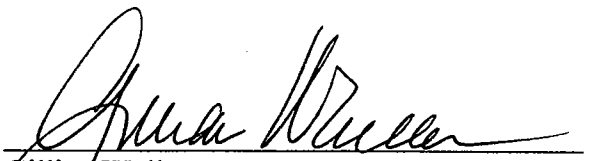
CERTIFICATE OF INCUMBENCY

I, Gillian Wallace, do hereby certify that I am the duly qualified and appointed Assistant Secretary of Union Bank of California, National Association.

I further certify that the following are true and correct specimen signatures of said named employees and their signing authorities as designated by the Trust Executive Officer of Union Bank of California, N. A., and defined as Class A, D, E, H & I in the accompanying resolution.

NAME	TITLE	SIGNATURE
Sonia N. Flores	Vice President	

IN WITNESS WHEREOF, I have set my hand and seal of this Association this 27th. day of August, 2003.



Gillian Wallace
Assistant Secretary

I certify that the attached Trust Services Resolution of Authority was adopted by the Board of Directors of Union Bank of California, N.A. at the meeting of said Board on April 26, 2000.

I further certify that the attached resolution now stands on the records of the books of the Corporation and has not been modified, repealed or set aside in any manner whatsoever and in now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Bank this 27th. day of August, 2003.

Gillian Wallace
Assistant Secretary

Union Bank of California, N.A.
April 26, 2000

TRUST SERVICES RESOLUTION OF AUTHORITY

WHEREAS, the Bank is duly authorized and empowered to act as trustee, executor, personal representative, administrator, guardian or conservator of estates, assignee, receiver, custodian, escrow agent, agent or in any other fiduciary capacity permitted by law (hereinafter referred to collectively as "Trust Services");

WHEREAS, it is the Board's intention to authorize and empower the officers/employees designated in this Resolution, in the Bank's name and on its behalf, at such times and under such circumstances and on such terms and conditions as such officers/employees may deem proper, under the Bank's seal, as necessary, to execute and deliver such documents and perform such acts as shall be necessary for the Bank to provide Trust Services; and

WHEREAS, it is the Board's further intention to authorize and empower the ISAM Executive Officer and the Wealth Management Executive as designated by the President and Chief Executive Officer or his/her designee to designate in writing the identity of and the manner in which such officers/employees may execute and deliver such documents and perform such actions.

A. General Trust Services

RESOLVED that any employee designated in writing as a Class A signer by the ISAM Executive Officer or The Wealth Management Executive Officer is authorized and empowered as hereinabove set forth to sign, execute and deliver:

1. Any instruments or other documents by which the Bank agrees or declines to or resigns from performing Trust Services and to execute such further instruments and documents and to perform any other act necessary to implement such acceptance, declination or resignation;

2. Any instruments or other documents and to perform any other act necessary to discharge its duties and obligations in performing Trust Services, including, but not limited to:

   a. Proxies to vote corporation stock or shares standing in the name of the Bank, as Fiduciary, or to attend and vote at any meeting such stock or shares;

   b. Any instruments, documents or agreements relating to insurance affecting any property, business or security held by the Bank, in its performance of Trust Services;

   c. Petitions, accountings, reports and returns of sale, and all other pleadings, declarations and documents filed in probate or other court proceedings by the Bank, in its performance of Trust Services;

d. Checks against Trust funds, drafts and official checks issued by this Bank, the amount of which does not exceed the signing authority limit of the signer(s);

e. Guaranties of signatures to various documents (other than assignments of stock certificates, bonds and other securities which are covered by separate authorization through the Securities Transfer Agents Medallion Program). No signer is authorized to guarantee the signer's own signature;

f. Documents necessary to purchase, endorse, transfer, sell, assign, pledge, encumber, hypothecate, lease, release, convey, deliver or request payment or reissue of any and all certificates for shares of stock of corporations, bonds, stock warrants and rights, deposit receipts for stocks and bonds, promissory notes, warrants for irrigation and reclamation districts, debentures, voting trust certificates, money market instruments, commercial paper, repurchase agreements and banker's acceptances, investment agreements, and any and all other documents or instruments representing or evidencing any equity or debt interest in corporations, governmental entities or in personal property, standing in the name of or owned or to be purchased by the Bank in its performance of Trust Services; and

g. Any other instruments, documents or agreements necessary to and connected with the provision of general Trust Services.

B. Trust Real Estate Activities

RESOLVED that, with regard to any interest in real property to which the Bank holds title in its performance of Trust Services, or which it manages in its performance of Trust Services, any employee designated in writing as a Class B signer by the Wealth Management Executive Officer is authorized and empowered as hereinabove set forth to sign, execute and deliver:

1. Grant deeds, mineral deeds, quit claim deeds, fiduciary's warranty deeds, statutory warranty deeds, fulfillment deeds, secured or unsecured notes upon the real property, leases or extensions, modifications or amendments thereof, construction contracts, property management agreements, or purchase or sale agreements;

2. Requests to any trustee or trustees named in any deed of trust for a full or partial reconveyance of the property covered by such deed of trust;

3. Trust checks, escrow instructions, closing settlement statements, property management agreements, construction contracts, indemnification letters, petitions and depositions in legal actions, multiple listing agreements, excise tax affidavits, tax appeals, forfeiture documents, notices to vacate; and

4. Any other legal document or instrument not heretofore enumerated which is required in the management, as specified by each trust or agency agreement, of such real property.

C. Global Custody Activities

RESOLVED that any officer designated in writing as a Class C signer by the ISAM Executive Officer is authorized and empowered as hereinabove set forth:

1. To accept and transact foreign exchange contracts related to clients' account activities;

2. To sign any documents or instruments as may be required to conduct business with a sub-custodian bank or foreign tax authority;

3. To authorize electronic transmission of data and information; and

4. To sign, execute and deliver any other legal document or instrument not heretofore enumerated which is required in the conduct of global custody activities.

D. Trust Operations Activities

RESOLVED that any employee designated in writing as a Class D signer by the ISAM Executive Officer is authorized and empowered as hereinabove set forth to sign, execute and deliver:

1. Trust checks, certifications of balances or asset holding; and

2. Any other documents, instruments, or contracts as may be required to participate in any securities depository for securities held by the Bank, in its performance of Trust Services, and to provide cash management and accounting services to trust clients.

E. Trust Security Services Activities

RESOLVED that any officer designated in writing as a Class E signer by the ISAM Executive Officer is authorized and empowered as hereinabove set forth to sign, execute and deliver:

1. Documents necessary to purchase, endorse, transfer, sell, assign, pledge, encumber, hypothecate, lease, release, convey, deliver or request payment or reissue of any and all certificates for shares of stock of corporations, bonds, stock warrants and rights, deposit receipts for stocks and bonds, promissory notes, warrants for irrigation and reclamation districts, debentures, voting trust certificates, money market instruments, commercial paper, repurchase agreements and banker's acceptances, investment agreements, and any and all other documents or instruments representing or evidencing any equity or debt interest in corporations, governmental entities or in personal property, standing in the name of or owned or to be purchased by the Bank, in its performance of Trust Services;

2. To sign certificates for securities deposited, interim certificates and other certificates for or on behalf of this Bank as depositary or agent; and

3. To sign, countersign, certify, register, authenticate and identify all bonds, notes, interim certificates, share certificates, certificates of stock, voting trust certificates, depository receipts, warrants, participation certification or similar instruments for or in respect of which the Bank may be acting as trustee, agent or custodian.

F. Mutual Fund Support Services and Activities

RESOLVED that any officer designated in writing as a Class F signer by the ISAM Executive Officer is authorized and empowered as hereinabove set forth to sign, execute and deliver:

1. Any instrument, trust, contract or other document by which the Bank agrees or declines to act or resigns as custodian, transfer agent, fund accountant or other service provider to registered or unregistered investment companies or other collective investment entities ("mutual fund support services");

2. Any instrument, or other document and to perform any other act necessary or desirable to comply with applicable law and regulation in the provision of mutual fund support services, including but no limited to:

   a. Any registration, application, filing, update, amendment or other document necessary to commence or continue operation of mutual fund support services permissible under applicable law and regulation; and

   b. Any regulatory filings, accountings, reports, mailings, exemptive applications, requests for advice or rulings required by or desirable under applicable law to be prepared in connection with the provision of mutual fund support services.

G. Tax Activities

RESOLVED that any officer designated in writing as a Class G signer by the Wealth Management Executive Officer is authorized and empowered as hereinabove set forth to sign, execute, and submit local, state and federal tax returns or other filings, applications, extensions, requests for rulings or reports by the Bank as may be necessary or desirable in its performance of Trust Services or as a sponsor of a common trust fund or collective investment fund.

H. Securities Transfer Agents Medallion Program ("STAMP")

RESOLVED that any officer designated in writing as a Class H signer by the ISAM Executive Officer or Wealth Management Executive Officer is authorized and empowered as hereinabove set forth to guarantee signatures on securities and stock or bond powers as a participant in the Securities Transfer Agents Medallion Program ("STAMP"), except that no signer is authorized to utilize this authority for signature or endorsement guarantees on other documents or to guarantee the signer's own signature.

I. Trade Order Entry Activities

RESOLVED that any officer designated in writing as a Class I signer by the ISAM Executive Officer or Wealth Management Executive Officer is authorized and empowered as herein above set forth to electronically enter security trades, to purchase or sell securities held in all types of accounts, using the SEI Trade Order Entry (TOE) system in its performance of Trust Services.

FURTHER RESOLVED that the ISAM Executive Officer and the Wealth Management Executive Officer empowered in this Resolution to designate employees and officers to carry out various activities on behalf of the Bank may delegate, in writing, his/her authority to so

designate to a senior officer(s) with the ISAM or Wealth Management Divisions, as appropriate. Such delegations of authority are to be filed with the Corporate Secretary and are to be reviewed as appropriate.

FURTHER RESOLVED that this Resolution of Authority shall be effective as of April 26, 2000 and that, effective as of that date, the Trust Signing Authority Resolution adopted by this Board on May 26, 1999 is hereby superseded.

I certify that the foregoing resolution was adopted by the Board of Directors of Union Bank of California, N.A. at the Regular Meeting of said Board held on April 26, 2000.

I further certify that the foregoing resolution now stands on the records of the books of the Bank and has not been modified, repealed or set aside in any manner whatsoever and is now in full force and effect.

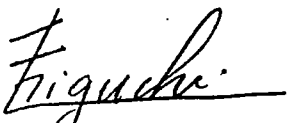
Dated: April 26, 2000

Vicki Wilderman
Assistant Corporate Secretary

DESIGNATION BY PRESIDENT

Pursuant to the Trust Services Resolution of Authority adopted by the Board of Directors of Union Bank of California, N.A. on April 26, 2000, I hereby designate Pieter Westerbeek III as the " ISAM Executive Officer" and Honoria F. Vivell as the Wealth Management Executive Officer as identified in said resolution, with all powers and authorities described in said resolution.

Dated: April 26, 2000



Takahiro Moriguchi
President and Chief Executive Officer

bdr0004.16

Union Bank of California, N.A.
April 23, 2003

RESOLVED that the following officers of the Bank shall have the additional title of Assistant Secretary and shall perform such duties as the Corporate Secretary of the Bank shall designate:

General:	Gino A. Chilleri Theodore E. Davis Morris W. Hirsch William C. Hogan Hugh Lawrence William A. Moore, Jr. William A. Polkinghorn Diane B. Stevens
Bank Operations:	Camille G. Hudson Ann Lawrence
Corporate Trust:	Andrew R. Ball Vicki J. Elnick Vivian R. Savedra Douglas J. Schlafer Gillian M. Wallace
Institutional Services and Asset Management:	Edward Brands Lynn Iwaki William H. Wilson
International Banking Group:	Brian J. Murtagh Thorunn Gudmundsson
Trade Services:	Bethany McClellan Christine Nguyen
UBOC Investment Services:	James D. Jenkins
Wealth Management:	Catherine Rose Engman Javier Ramos Lois Todd

I certify that the foregoing resolution was adopted by the Board of Directors of Union Bank of California, National Association at the Regular Meeting of said Board held on April 23, 2003.

I further certify that the foregoing resolution now stands on the records of the books of the Bank and has not been modified, repealed or set aside in any manner whatsoever and is now in full force and effect.

Dated: April 23, 2003 /s/ John H. McGuckin, Jr., Secretary

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

CERTIFICATE OF THE TRUSTEE

The undersigned, an authorized officer of Union Bank Of California, N.A., as trustee (the "Trustee") under the Trust Agreement (the "Trust Agreement") dated as of August 1, 2003, by and between the Trustee and the Richmond Joint Powers Financing Authority (the "Authority") providing for the issuance, sale and delivery of $16,080,000 aggregate principal amount of the Authority's Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and $12,500,000 aggregate principal amount of the Authority's Tax Allocation Revenue Bonds, Series 2003B (Taxable), hereby certifies as follows:

(i) the Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Trust Agreement dated as of August 1, 2003 by and between the Trustee and the Richmond Joint Powers Financing Authority (the "Trust Agreement");

(ii) the Trustee is duly authorized to enter into the Trust Agreement; and

(iii) to the best knowledge of the Trustee, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Trustee or threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Trust Agreement, or contesting the powers of the Trustee or its authority to enter into or perform its obligations under the Trust Agreement.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement.

Dated: August 27, 2003

UNION BANK OF CALIFORNIA, N.A.,
as Trustee

By_____
Authorized Officer

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

AUTHENTICATION CERTIFICATE OF THE TRUSTEE

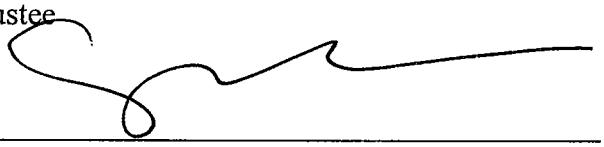
Union Bank of California, N.A., as trustee (the "Trustee") under the Trust Agreement dated as of August 1, 2003 by and between the Trustee and the Richmond Joint Powers Financing Authority (the "Trust Agreement"), hereby certifies as follows:

(i) the Trustee has authenticated $16,080,000 aggregate principal amount of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds"), and $12,500,000 aggregate principal amount of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds"), in fully registered forms as authorized in the Trust Agreement, which sets forth the dated date, maturities, interest rates and denominations of the Series 2003A Bonds and the Series 2003B Bonds; and

(ii) each Series 2003A Bond and Series 2003B Bond has been signed in facsimile by the Treasurer/Auditor and Secretary of the Authority, and authenticated by the manual signing of the Trustee's certificate of authentication thereon by a person signing as an authorized employee of the Trustee and such person was at the time of said authentication duly authorized to authenticate the Series 2003A Bonds and the Series 2003B Bonds.

Dated: August 27, 2003

UNION BANK OF CALIFORNIA, N.A.,
as Trustee



By _____
Authorized Officer

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

TRUSTEE'S CERTIFICATE OF DEPOSIT AND RECEIPT

Union Bank of California, N.A., as trustee (the "Trustee"), under the Trust Agreement (the "Trust Agreement"), dated as of August 1, 2003, between the Trustee and the Richmond Joint Powers Financing Authority (the "Authority"), providing for the issuance, sale and delivery by the Authority of its Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds") and its Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds"), hereby certifies that:

(i) on the date set forth below it did receive from RBC Dain Rauscher Inc., as the Underwriter, the sum of $27,780,910.85 (consisting of $15,662,660.85 for the Series 2003A Bonds and $12,118,250.00 for the Series 2003B Bonds), representing the net purchase price of the following securities:

(A) Title of Bonds: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)

Principal Amount: $16,080,000

Date of Bonds: August 27, 2003

Said net purchase price was represented by the Underwriter to be computed as follows:

Principal Amount	$16,080,000.00
Plus Original Issue Premium	49,420.85
Less Underwriter's Discount	(152,760.00)
Less Insurance Premium wired to Bond Insurer	(284,000.00)
Less Surety Premium wired to Bond Insurer	(30,000.00)
Total Series 2003A Bond Proceeds received by Trustee	$15,662,660.85

(B) Title of Bonds: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable)

Principal Amount: $12,500,000

Date of Bonds: August 27, 2003

Said net purchase price was represented by the Underwriter to be computed as follows:

Principal Amount	$12,500,000.00
Less Underwriter's Discount	(118,750.00)
Less Insurance Premium wired to Bond Insurer	(240,000.00)
Less Surety Premium wired to Bond Insurer	(23,000.00)
Total Series 2003B Bond Proceeds received by Trustee	$12,118,250.00

(ii) on the date hereof it deposited or transferred from the proceeds of the sale of the Series 2003A Bonds and the Series 2003B Bonds pursuant to a Written Request of the Authority as follows:

(a) Deposited in the Series 2003A Interest Account within the Series 2003 Revenue Fund (established pursuant to Section 4.03(a) of the Trust Agreement), the sum of $1,555,519.03 representing capitalized interest through September 1 2005;

(b) Deposited in the Series 2003B Interest Account within the Series 2003 Revenue Fund (established pursuant to Section 4.03(a) of the Trust Agreement), the sum of $1,492,863.87 representing capitalized interest through September 1 2005;

(c) Deposited in the Costs of Issuance Fund (established pursuant to Section 2.11(e) of the Trust Agreement), the amount of $303,141.82 to pay the Costs of Issuance for the Bonds;

(d) Deposited in the Series 2003A Reserve Account within the Series 2003 Revenue Fund (established pursuant to Section 4.03(c)(i) of the Trust Agreement), the amount of $804,000.00 representing a portion of the Series 2003A Reserve Account Requirement;

(e) Deposited in the Series 2003B Reserve Account within the Series 2003 Revenue Fund (established pursuant to Section 4.03(c)(ii) of the Trust Agreement), the amount of $625,000.00 representing a portion of the Series 2003B Reserve Account Requirement;

(f) Deposited in the Series 2003B Project Account pursuant to the Loan Agreement the amount of $5,000,386.13.

(g) Transferred the amount of $18,000,000 (being an amount of $13,000,000 from the proceeds of the Series 2003A Bonds and $5,000,000 from the proceeds of the Series 2003B Bonds) to the City of Richmond in partial payment of the Prior Obligations pursuant to the Loan Agreement.

(iii) on the date hereof it received the MBIA Insurance Corporation Financial Guaranty Insurance Policy Nos. 42209(1) and 42210(1); and

(iv) on the date hereof it received the MBIA Insurance Corporation Debt Service Reserve Fund Surety Bond Nos. 42209(2) and 42210(2).

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Trust Agreement.

Dated: August 27, 2003

UNION BANK OF CALIFORNIA, N.A., as Trustee

By _____
Authorized Officer

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

RECEIPT FOR BONDS

The undersigned, as Underwriter of the bonds hereinafter described, do hereby certify that on the date set forth below it did receive the following securities:

(A) Title of Bonds: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)

Principal Amount: $16,080,000

Date of Bonds: August 27, 2003

Said bonds mature on the dates and bear interest at the rates as set forth in the following schedule:

Principal Payment Date (September 1)	Principal Amount	Interest Rate
2008	$425,000	3.000%
2009	440,000	3.250
2010	455,000	3.500
2011	470,000	4.000
2012	490,000	4.000
2013	510,000	4.250
2014	530,000	4.250
2015	555,000	4.500
2016	575,000	4.500
2017	605,000	4.500
2018	630,000	4.625
2022	4,320,000	5.250
2025	4,050,000	5.250
2025	2,025,000	5.000

(B) Title of Bonds: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable)

Principal Amount: $12,500,000

Date of Bonds: August 27, 2003

Said bonds mature on the dates and bear interest at the rates as set forth in the following schedule:

Principal Payment Date (September 1)	Principal Amount	Interest Rate
2008	$ 355,000	4.160%
2009	370,000	4.470
2010	385,000	4.780
2011	400,000	5.040
2012	425,000	5.270
2013	445,000	5.410
2018	2,635,000	5.860
2025	7,485,000	6.300

The undersigned hereby acknowledges receipt of, or waives the requirement for, each document, certificate and opinion contemplated by the Bond Purchase Agreement, dated as of August 14, 2003, by and among the Richmond Joint Powers Financing Authority, the Richmond Redevelopment Agency and RBC Dain Rauscher Inc., as underwriter, and acknowledges that each such document, certificate and opinion, to the extent not waived, is satisfactory as to its form and substance

Dated: August 27, 2003

RBC Dain Rauscher Inc., as Underwriter

By _____
Authorized Representative

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-1 $425,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	September 1, 2008	August 27, 2003	76443NBC7

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-2 $440,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.250%	September 1, 2014	August 27, 2003	76443NBD5

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR HUNDRED FORTY THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-3 $455,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.500%	September 1, 2013	August 27, 2003	76443NBE3

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR HUNDRED FIFTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-4 $470,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

SPECIMEN

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	September 1, 2011	August 27, 2003	76443NBF0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR HUNDRED SEVENTY THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-5 $490,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

SPECIMEN

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	September 1, 2012	August 27, 2003	76443NBG8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR HUNDRED NINETY THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-6 $510,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.250%	September 1, 20	August 27, 2003	76443NBH6

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FIVE HUNDRED TEN THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-7 $530,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.250%	September 1, 2024	August 27, 2003	76443NBJ2

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FIVE HUNDRED THIRTY THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-8 $555,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.500%	September 1, 2015	August 27, 2003	76443NBK9

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FIVE HUNDRED FIFTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-9 $575,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

SPECIMEN

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.500%	September 1, 2016	August 27, 2003	76443NBL7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FIVE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-10 $605,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.500%	September 1, 2017	August 27, 2003	76443NBM5

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SIX HUNDRED FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-11 $630,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

SPECIMEN

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.625%	September 1, 2018	August 27, 2003	76443NBN3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SIX HUNDRED THIRTY THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-12 $4,320,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.250%	September 1, 2022	August 27, 2003	76443NBS2

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR MILLION THREE HUNDRED TWENTY THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-13 $4,050,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.250%	September 1, 2025	August 27, 2003	76443NBV5

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR MILLION FIFTY THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003A (TAX EXEMPT)

No. R-14 $2,025,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

SPECIMEN

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	September 1, 2035	August 27, 2003	76443NCQ5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: TWO MILLION TWENTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of Union Bank of California, N.A., in Los Angeles, California.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its "Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)" (the "Bonds") in aggregate principal amount of sixteen million eighty thousand dollars ($16,080,000) all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement, dated as of August 1, 2003, between the Authority and Union Bank of California, N.A., as trustee (the "Trustee") (the "Trust Agreement") (copies of which are on file at the corporate trust office of the Trustee in San Francisco).

SPECIMEN

The Bonds are issued to provide funds to finance certain public capital improvements as defined in the Act and to assist the Agency in repaying certain obligations to the City of Richmond (the "City"). The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts pursuant to the Trust Agreement and the revenues (the "Revenues") derived from certain loan payments and guaranty payments made by the Richmond Redevelopment Agency (the "Agency"), and certain interest or other investment income, pursuant to the Loan Agreement, dated as of August 1, 2003 (the "Loan Agreement"), by and between the Authority and the Agency, and the Authority is not obligated to pay interest or premium, if any, on and principal of the Bonds except from the Revenues. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge of and charge and lien upon the Revenues, and said Revenues constitute a trust fund for the security and payment of the interest or premium, if any, on and principal of the Bonds as provided in the Trust Agreement. The full faith and credit of the Authority, the Agency and the City are not pledged, for the payment of the interest or premium, if any, on or principal of the Bonds. No tax shall ever be levied or collected to pay the interest on or principal of the Bonds except for the tax increment revenue received by the Agency and pledged under the Loan Agreement. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues, and neither the payment of the interest on nor principal of the Bonds is a debt, liability or general obligation of the Authority. Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Authority and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

The Bonds are subject to optional and mandatory redemption by the Authority on the dates, in the amounts, at the redemption prices and upon the notice as provided in and under the circumstances and terms prescribed in the Loan Agreement and the Trust Agreement.

If an event of default, as defined in the Trust Agreement, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement; except that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

SPECIMEN

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Richmond Joint Powers Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or authorized facsimile signature of the Treasurer/Auditor of the Authority and countersigned by the manual or authorized facsimile signature of the Secretary of said Authority, and has caused this Bond to be dated as of the original issue date specified above.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By _____
Treasurer/Auditor

SPECIMEN

Countersigned:

_____
Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on August 27, 2003.

UNION BANK OF CALIFORNIA, N.A., as Trustee

By _____
Authorized Signatory

SPECIMEN

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Union Bank of California, N.A., San Francisco, California.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Union Bank of California, N.A. or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

SPECIMEN

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

MBIA INSURANCE CORPORATION

STD-R/CA-1

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ _____ (Taxpayer Identification Number:_____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

SPECIMEN

Dated:

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: _____

Notice: Signature must be guaranteed by an eligible guarantor institution.

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003B (TAXABLE)

No. R-1 $355,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

SPECIMEN

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.160%	September 1, 2008	August 27, 2003	76443NBW3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: THREE HUNDRED FIFTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003B (TAXABLE)

No. R-2

$370,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.470%	September 1, 2009	August 27, 2003	76443NBX1

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: THREE HUNDRED SEVENTY THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003B (TAXABLE)

No. R-3

$385,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.780%	September 1, 2010	August 27, 2003	76443NBY9

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: THREE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003B (TAXABLE)

No. R-4 $400,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.040%	September 1, 2011	August 27, 2003	76443NBZ6

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR HUNDRED THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003B (TAXABLE)

No. R-5 $425,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.270%	September 1, 2012	August 27, 2003	76443NCA0

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003B (TAXABLE)

No. R-6 $445,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.410%	September 1, 2013	August 27, 2003	76443NCB8

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR HUNDRED FORTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003B (TAXABLE)

No. R-7 $2,635,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.860%	September 1, 2018	August 27, 2003	76443NCG7

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: TWO MILLION SIX HUNDRED THIRTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2003B (TAXABLE)

No. R-8 $7,485,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF RICHMOND NOR THE RICHMOND REDEVELOPMENT AGENCY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF RICHMOND.

Interest Rate	Maturity Date	Original Issue Date	CUSIP
6.300%	September 1, 2023	August 27, 2003	76443NCP7

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SEVEN MILLION FOUR HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

The RICHMOND JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to February 15, 2004 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on March 1, 2004 and semiannually thereafter on each September 1 and March 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in

immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of Union Bank of California, N.A., in Los Angeles, California.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its "Tax Allocation Revenue Bonds, Series 2003B (Taxable)" (the "Bonds") in aggregate principal amount of twelve million five hundred thousand dollars ($12,500,000) all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement, dated as of August 1, 2003, between the Authority and Union Bank of California, N.A., as trustee (the "Trustee") (the "Trust Agreement") (copies of which are on file at the corporate trust office of the Trustee in San Francisco).

The Bonds are issued to provide funds to finance certain public capital improvements as defined in the Act and to assist the Agency in repaying certain obligations to the City of Richmond (the "City"). The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts pursuant to the Trust Agreement and the revenues (the "Revenues") derived from certain loan payments and guaranty payments made by the Richmond Redevelopment Agency (the "Agency"), and certain interest or other investment income, pursuant to the Loan Agreement, dated as of August 1, 2003 (the "Loan Agreement"), by and between the Authority and the Agency, and the Authority is not obligated to pay interest or premium, if any, on and principal of the Bonds except from the Revenues. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge of and charge and lien upon the Revenues, and said Revenues constitute a trust fund for the security and payment of the interest or premium, if any, on and principal of the Bonds as provided in the Trust Agreement. The full faith and credit of the Authority, the Agency and the City are not pledged, for the payment of the interest or premium, if any, on or principal of the Bonds. No tax shall ever be levied or collected to pay the interest on or principal of the Bonds except for the tax increment revenue received by the Agency and pledged under the Loan Agreement. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues, and neither the payment of the interest on nor principal of the Bonds is a debt, liability or general obligation of the Authority. Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Authority and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

SPECIMEN

The Bonds are subject to mandatory redemption by the Authority on the dates, in the amounts, at the redemption prices and upon the notice as provided in and under the circumstances and terms prescribed in the Loan Agreement and the Trust Agreement.

If an event of default, as defined in the Trust Agreement, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement; except that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

SPECIMEN

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Richmond Joint Powers Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or authorized facsimile signature of the Treasurer/Auditor of the Authority and countersigned by the manual or authorized facsimile signature of the Secretary of said Authority, and has caused this Bond to be dated as of the original issue date specified above.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By _____
Treasurer/Auditor

SPECIMEN

Countersigned:

_____
Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on August 27, 2003.

UNION BANK OF CALIFORNIA, N.A., as Trustee

By _____
Authorized Signatory

SPECIMEN

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Union Bank of California, N.A., San Francisco, California.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Union Bank of California, N.A. or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

SPECIMEN

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

MBIA INSURANCE CORPORATION

STD-R/CA-1

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto ____ _____ (Taxpayer Identification Number:_____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

SPECIMEN

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: _____

Notice: Signature must be guaranteed by an eligible guarantor institution.

STANDARD
&POOR'S

Steven J. Murphy
Managing Director
55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2066
steve_murphy@standardandpoors.com

reference no.: 616802

Steven G. Zimmermann
Managing Director
One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5004
steve_zimmermann@standardandpoors.com

August 11, 2003

City of Richmond
2600 Barrett Avenue
Richmond, CA 94804
Attention: Ms. Anna A. Vega, Director of Finance

Re: ***$27,970,000 Richmond Joint Powers Finance Authority, California, Tax Allocation Revenue Bonds, Series 2003***

Dear Ms. Vega:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "A-". A copy of the rationale supporting the rating is enclosed. Standard & Poor's views the outlook for this rating as stable.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would

facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a division of The McGraw-Hill Companies, Inc.

bh

enclosures

cc: Mr. Robert L. Williams, Jr., Managing Director
RBC Dain Rauscher Inc.

STANDARD
&POOR'S

Standard & Poor's Ratings Services
Terms and Conditions
Applicable To
U.S. Public Finance Ratings

Request for a rating. Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

Agreement to Accept Terms and Conditions. Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

Fees and expenses. In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

Scope of Rating. The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

Publication. Standard & Poor's reserves the right to publish, disseminate, or license others to publish or disseminate the rating and the rationale for the rating unless the issuer/obligor specifically requests that the rating be assigned and maintained on a confidential basis. If a confidential rating subsequently becomes public through disclosure by the issuer/obligor or a third party other than Standard & Poor's, Standard & Poor's reserves the right to publish it. Standard & Poor's may publish explanations of Standard & Poor's ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's criteria at any time as Standard & Poor's deems appropriate.

Information to be Provided by the Issuer/obligor. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the

issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Term. This Agreement shall terminate when the rating is withdrawn. Notwithstanding the foregoing, the paragraphs above, Standard & Poor's Not an Advisor, Fiduciary, or Expert and Limitation on Damages, shall survive the termination of this Agreement or any withdrawal of a rating.

Third Parties. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

MBIA

DEBT SERVICE RESERVE SURETY BOND

MBIA Insurance Corporation
Armonk, New York 10504

Surety Bond No. 42209(2)

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments that are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and that are required to be made by or on behalf of Richmond Joint Powers Financing Authority (the "Issuer") under the Trust Agreement, dated as of August 1, 2003 (the "Document") to Union Bank of California, N.A., San Francisco, California (the "Paying Agent"), as such payments are due but shall not be so paid, in connection with the issuance by the Issuer of $16,080,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Obligations"), provided that the amount available hereunder for payment pursuant to any one Demand for Payment (as hereinafter defined) shall not exceed $804,000 or the debt service reserve fund requirement for the Obligations, whichever is less (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Issuer or any designee of the Issuer for such purpose. The term "Owner" shall not include the Issuer or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

SPECIMEN

2. Upon the later of: (i) three (3) days after receipt by the Insurer of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts that are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

3. Demand for Payment hereunder may be made by prepaid telecopy, telex, TWX or telegram of the executed Demand for Payment c/o the Insurer. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond, the Insurer shall give notice to the Paying Agent, as promptly as reasonably practicable, that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.

4. The amount payable by the Insurer under this Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Insurer hereunder and will be reinstated to the extent of each reimbursement of the Insurer pursuant to the provisions of Article II of the Financial Guaranty Agreement dated the date hereof between the Insurer and the Issuer (the "Financial Guaranty Agreement"); provided, that no premium is due and unpaid on this Surety Bond and that in no event shall such reinstatement exceed the Surety Bond Limit. The Insurer will notify the Paying Agent, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Insurer gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Attachment 2.

5. Any service of process on the Insurer or notice to the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

MBIA

6. The term of this Surety Bond shall expire on the earlier of (i) September 1, 2025 (the maturity date of the Obligations being currently issued), or (ii) the date on which the Issuer has made all payments required to be made on the Obligations pursuant to the Document.

7. The premium payable on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Obligations.

8. This Surety Bond shall be governed by and interpreted under the laws of the State of California. Any suit hereunder in connection with any payment may be brought only by the Paying Agent within one year after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and the Insurer has failed to make such payment, or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Paying Agent to deliver to the Insurer a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

9. There shall be no acceleration payment due under this Policy unless such acceleration is at the sole option of the Insurer.

10. In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

In witness whereof, the Insurer has caused this Surety Bond to be executed in facsimile on its behalf by its duly authorized officers, this 27th day of August, 2003.

MBIA Insurance Corporation

SPECIMEN

President

Attest: _____
Assistant Secretary

SB-DSRF-9-CA
4/95

MBIA

Attachment 1
Surety Bond No. 42209(2)

DEMAND FOR PAYMENT

_____, 20__

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

Attention: President

Reference is made to the Surety Bond No. 42209(2) (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

SPECIMEN

The Paying Agent hereby certifies that:

(a) In accordance with the provisions of the Document (attached hereto as Exhibit A), payment is due to the Owners of the Obligations on _____ (the "Due Date") in an amount equal to $_____ (the "Amount Due").

(b) The debt service reserve fund requirement for the Obligations is $_____.

(c) The amounts legally available to the Paying Agent on the Due Date will be $_____ less than the Amount Due (the "Deficiency").

(d) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Paying Agent hereby requests that payment of the Deficiency (subject to the Surety Bond Coverage) be made by the Insurer under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond: _____
[Paying Agent's Account]

[PAYING AGENT]

By _____

Its _____

MBIA

Attachment 2
Surety Bond No. 42209(2)

NOTICE OF REINSTATEMENT

_____, 20__

[Paying Agent]

[Address]

SPECIMEN

Reference is made to the Surety Bond No. 42209(2) (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Insurer hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article II of the Financial Guaranty Agreement and as of the date hereof the Surety Bond Coverage is $.

MBIA Insurance Corporation

_____
President

Attest: _____
Assistant Secretary

MBIA

Capital Strength. Triple-A Performance.

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

August 27, 2003

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

$804,000
Debt Service Reserve Fund for the
$16,080,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)

SPECIMEN

Ladies and Gentlemen:

In connection with the above-described obligations (the "Obligations") for which you are acting as Paying Agent, please be advised that the payment to you of certain amounts which are to be applied to payment of principal of and interest on the Obligations has been guaranteed by the accompanying Surety Bond No. 42209(2) (the "Surety Bond") issued by MBIA Insurance Corporation (the "Insurer"). U.S. Bank Trust National Association, New York, New York (the "Fiscal Agent") is acting as the fiscal agent for the Insurer.

The maximum amount available under the Surety Bond for payment pursuant to any one demand for payment by you as described below (a "Demand for Payment") shall not exceed the Surety Bond Limit as defined on the first page of the Surety Bond. The amount available at any particular time to be paid to you under the Surety Bond (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth in the Surety Bond and as described below.

If the Issuer under the Document (as those terms are defined on the first page of the Surety Bond) does not make full and complete payment thereunder when due, please immediately deliver, by prepaid rapifax, telex, TWX or telegram, a complete executed Demand for Payment (substantially in the form of Attachment 1 to the Surety Bond) to the Insurer, MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 (telephone: (914) 273-4545; telecopy (914) 765-3161 or 3162). Please confirm delivery and receipt of such Demand for Payment by telephone.

August 27, 2003

Upon the later of: (i) three (3) days after receipt by the Insurer of a completed Demand for Payment, duly executed by you certifying that payment due under the Document has not been made to you; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by you to the Insurer, the Insurer will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to you, of amounts which are then due to you (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

The amount payable by the Insurer under the Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Insurer under the Surety Bond and will be reinstated to the extent of each reimbursement of the Insurer by the Issuer pursuant to Article II of the accompanying Financial Guaranty Agreement between the Insurer and the Issuer (the "Financial Guaranty Agreement"). In no event shall such reinstatement exceed the Surety Bond Limit. The Insurer will notify you, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Insurer gives such notice. The notice to you will be substantially in the form attached to the Surety Bond as Attachment 2.

SPECIMEN

This letter does not alter the terms of the Surety Bond or the Financial Guaranty Agreement.

In the event that you shall have prior knowledge of an impending failure by the Issuer to make payment as required by the Document when due, please immediately notify the Insurer so that it will be possible for the Insurer to have funds available for you on the due date to make payments as described above.

Your cooperation in this matter will be most appreciated and will make it possible for the holders of Obligations to be assured of all payments when due to the extent of the Surety Bond Coverage.

Very truly yours,

Gary C. Dunton
President

MBIA

DEBT SERVICE RESERVE SURETY BOND

MBIA Insurance Corporation Armonk, New York 10504

Surety Bond No. 42210(2)

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments that are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and that are required to be made by or on behalf of Richmond Joint Powers Financing Authority (the "Issuer") under the Trust Agreement, dated as of August 1, 2003 (the "Document") to Union Bank of California, N.A., San Francisco, California (the "Paying Agent"), as such payments are due but shall not be so paid, in connection with the issuance by the Issuer of $12,500,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Obligations"), provided that the amount available hereunder for payment pursuant to any one Demand for Payment (as hereinafter defined) shall not exceed $625,000 or the debt service reserve fund requirement for the Obligations, whichever is less (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Issuer or any assignee of the Issuer for such purpose. The term "Owner" shall not include the Issuer or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

SPECIMEN

2. Upon the later of: (i) three (3) days after receipt by the Insurer of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts that are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

3. Demand for Payment hereunder may be made by prepaid telecopy, telex, TWX or telegram of the executed Demand for Payment c/o the Insurer. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond, the Insurer shall give notice to the Paying Agent, as promptly as reasonably practicable, that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.

4. The amount payable by the Insurer under this Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Insurer hereunder and will be reinstated to the extent of each reimbursement of the Insurer pursuant to the provisions of Article II of the Financial Guaranty Agreement dated the date hereof between the Insurer and the Issuer (the "Financial Guaranty Agreement"); provided, that no premium is due and unpaid on this Surety Bond and that in no event shall such reinstatement exceed the Surety Bond Limit. The Insurer will notify the Paying Agent, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Insurer gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Attachment 2.

5. Any service of process on the Insurer or notice to the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

MBIA

6. The term of this Surety Bond shall expire on the earlier of (i) September 1, 2025 (the maturity date of the Obligations being currently issued), or (ii) the date on which the Issuer has made all payments required to be made on the Obligations pursuant to the Document.

7. The premium payable on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Obligations.

8. This Surety Bond shall be governed by and interpreted under the laws of the State of California. Any suit hereunder in connection with any payment may be brought only by the Paying Agent within one year after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and the Insurer has failed to make such payment, or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Paying Agent to deliver to the Insurer a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

9. There shall be no acceleration payment due under this Policy unless such acceleration is at the sole option of the Insurer.

10. In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

In witness whereof, the Insurer has caused this Surety Bond to be executed in facsimile on its behalf by its duly authorized officers, this 27th day of August, 2003.

MBIA Insurance Corporation

President

SPECIMEN

Attest:

Assistant Secretary

SB-DSRF-9-CA
4/95

MBIA

Attachment 1
Surety Bond No. 42210(2)

DEMAND FOR PAYMENT

_____, 20__

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

Attention: President

Reference is made to the Surety Bond No. 42210(2) (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Paying Agent hereby certifies that:

(a) In accordance with the provisions of the Document (attached hereto as Exhibit A), payment is due to the Owners of the Obligations on _____ (the "Due Date") in an amount equal to $_____ (the "Amount Due").

SPECIMEN

(d) The debt service reserve fund requirement for the Obligations is $_____.

(e) The amounts legally available to the Paying Agent on the Due Date will be $_____ less than the Amount Due (the "Deficiency").

(d) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Paying Agent hereby requests that payment of the Deficiency (subject to the Surety Bond Coverage) be made by the Insurer under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond: _____
[Paying Agent's Account]

[PAYING AGENT]

By _____

Its _____

MBIA

Attachment 2
Surety Bond No. 42210(2)

NOTICE OF REINSTATEMENT

_____, 20__

[Paying Agent]

[Address]

Reference is made to the Surety Bond No. 42210(2) (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

SPECIMEN

The Insurer hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article II of the Financial Guaranty Agreement and as of the date hereof the Surety Bond Coverage is $.

MBIA Insurance Corporation

_____
President

Attest: _____
Assistant Secretary

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

MBIA

Capital Strength. Triple-A Performance.

August 27, 2003

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

$625,000
Debt Service Reserve Fund for the
$12,500,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003B (Taxable)

Ladies and Gentlemen:

SPECIMEN

In connection with the above-described obligations (the "Obligations") for which you are acting as Paying Agent, please be advised that the payment to you of certain amounts which are to be applied to payment of principal of and interest on the Obligations has been guaranteed by the accompanying Surety Bond No. 42210(2) (the "Surety Bond") issued by MBIA Insurance Corporation (the "Insurer"). U.S. Bank Trust National Association, New York, New York (the "Fiscal Agent") is acting as the fiscal agent for the Insurer.

The maximum amount available under the Surety Bond for payment pursuant to any one demand for payment by you as described below (a "Demand for Payment") shall not exceed the Surety Bond Limit as defined on the first page of the Surety Bond. The amount available at any particular time to be paid to you under the Surety Bond (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth in the Surety Bond and as described below.

If the Issuer under the Document (as those terms are defined on the first page of the Surety Bond) does not make full and complete payment thereunder when due, please immediately deliver, by prepaid rapifax, telex, TWX or telegram, a complete executed Demand for Payment (substantially in the form of Attachment 1 to the Surety Bond) to the Insurer, MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 (telephone: (914) 273-4545; telecopy (914) 765-3161 or 3162). Please confirm delivery and receipt of such Demand for Payment by telephone.

August 27, 2003

Upon the later of: (i) three (3) days after receipt by the Insurer of a completed Demand for Payment, duly executed by you certifying that payment due under the Document has not been made to you; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by you to the Insurer, the Insurer will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to you, of amounts which are then due to you (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

The amount payable by the Insurer under the Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Insurer under the Surety Bond and will be reinstated to the extent of each reimbursement of the Insurer by the Issuer pursuant to Article II of the accompanying Financial Guaranty Agreement between the Insurer and the Issuer (the "Financial Guaranty Agreement"). In no event shall such reinstatement exceed the Surety Bond Limit. The Insurer will notify you in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Insurer gives such notice. The notice to you will be substantially in the form attached to the Surety Bond as Attachment 2.

SPECIMEN

This letter does not alter the terms of the Surety Bond or the Financial Guaranty Agreement.

In the event that you shall have prior knowledge of an impending failure by the Issuer to make payment as required by the Document when due, please immediately notify the Insurer so that it will be possible for the Insurer to have funds available for you on the due date to make payments as described above.

Your cooperation in this matter will be most appreciated and will make it possible for the holders of Obligations to be assured of all payments when due to the extent of the Surety Bond Coverage.

Very truly yours,

Gary C. Dunton
President

FINANCIAL GUARANTY AGREEMENT

FINANCIAL GUARANTY AGREEMENT made as of August 27, 2003, by and between Richmond Joint Powers Financing Authority (the "Issuer") and MBIA Insurance Corporation (the "Insurer"), organized under the laws of the state of New York.

WITNESSETH:

WHEREAS, the Issuer has or will issue the Obligations; and

WHEREAS, pursuant to the terms of the Document the Issuer agrees to make certain payments on the Obligations; and

WHEREAS, the Insurer will issue its Surety Bond, substantially in the form set forth in Annex A to this Agreement, guaranteeing certain payments by the Issuer subject to the terms and limitations of the Surety Bond; and

WHEREAS, to induce the Insurer to issue the Surety Bond, the Issuer has agreed to pay the premium for the Surety Bond and to reimburse the Insurer for all payments made by the Insurer under the Surety Bond, all as more fully set forth in this Agreement; and

WHEREAS, the Issuer understands that the Insurer expressly requires the delivery of this Agreement as part of the consideration for the execution by the Insurer of the Surety Bond; and

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution of the Surety Bond, the Issuer and the Insurer agree as follows:

ARTICLE I
DEFINITIONS; SURETY BOND

Section 1.01. Definitions. The terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Surety Bond.

(a) The Insurer will issue the Surety Bond in accordance with and subject to the terms and conditions of the Commitment.

(b) The maximum liability of the Insurer under the Surety Bond and the coverage and term thereof shall be subject to and limited by the terms and conditions of the Surety Bond.

Section 1.03. Premium. In consideration of the Insurer agreeing to issue the Surety Bond hereunder, the Issuer hereby agrees to pay or cause to be paid the Premium set forth in Annex B hereto. The Premium on the Surety Bond is not refundable for any reason.

Section 1.04. Certain Other Expenses. The Issuer will pay all reasonable fees and disbursements of the Insurer's special counsel related to any modification of this Agreement or the Surety Bond.

ARTICLE II
REIMBURSEMENT AND INDEMNIFICATION OBLIGATIONS OF ISSUER AND SECURITY THEREFOR

Section 2.01. Reimbursement for Payments Under the Surety Bond and Expenses; Indemnification.

(a) The Issuer will reimburse the Insurer, within the Reimbursement Period, without demand or notice by the Insurer to the Issuer or any other person, to the extent of each Surety Bond Payment with interest on each Surety Bond Payment from and including the date made to the date of the reimbursement at the lesser of the Reimbursement Rate or the maximum rate of interest permitted by then applicable law.

(b) The Issuer also agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by state law, for all reasonable expenses incurred by the Insurer in connection with the Surety Bond and the enforcement by the Insurer of the Issuer's obligations under this Agreement, the Document, and any other document executed in connection with the issuance of the Obligations, together with interest on all such expenses from and including the date incurred to the date of payment at the rate set forth in subsection (a) of this Section 2.01.

(c) The Issuer agrees to indemnify the Insurer, to the extent permitted by state law, against any and all liability, claims, loss, costs, damages, fees of attorneys and other expenses which the Insurer may sustain or incur by reason of or in consequence of (i) the failure of the Issuer to perform or comply with the covenants or conditions of this Agreement or (ii) reliance by the Insurer upon representations made by the Issuer or (iii) a default by the Issuer under the terms of the Document or any other documents executed in connection with the issuance of the Obligations.

(d) The Issuer agrees that all amounts owing to the Insurer pursuant to Section 1.03 hereof and this Section 2.01 must be paid in full prior to any optional redemption or refunding of the Obligations.

(e) All payments made to the Insurer under this Agreement shall be paid in lawful currency of the United States in immediately available funds at the Insurer's office at 113 King Street, Armonk, New York 10504, Attention: Accounting and Insured Portfolio Management Departments, or at such other place as shall be designated by the Insurer.

Section 2.02. Allocation of Payments. The Insurer and the Issuer hereby agree that each payment received by the Insurer from or on behalf of the Issuer as a reimbursement to the Insurer as required by Section 2.01 hereof shall be applied by the Insurer first, toward payment of any unpaid premium; second, toward repayment of the aggregate Surety Bond Payments made by the Insurer and not yet repaid, payment of which will reinstate all or a portion of the Surety Bond Coverage to the extent of such repayment (but not to exceed the Surety Bond Limit); and third, upon full reinstatement of the Surety Bond Coverage to the Surety Bond Limit, toward other amounts, including, without limitation, any interest payable with respect to any Surety Bond Payments then due to the Insurer.

Section 2.03. Security for Payments; Instruments of Further Assurance. To the extent, but only to the extent, that the Document, or any related indenture, trust agreement, ordinance, resolution, mortgage, security agreement or similar instrument, if any, pledges to the Owners or any trustee therefor, or grants a security interest or lien in or on any collateral, property, revenue or other payments ("Collateral and Revenues") in order to secure the Obligations or provide a source of payment for the Obligations, the Issuer hereby grants to the Insurer a security interest in or lien on, as the case may be, and pledges to the Insurer all such Collateral and Revenues as security for payment of all amounts due hereunder and under the Document or any other document executed in connection with the issuance of the Obligations, which security interest, lien and/or pledge created or granted under this Section 2.03 shall be subordinate only to the interests of the Owners and any trustee therefor in such Collateral and Revenues, except as otherwise provided. The Issuer agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all financing statements, if applicable, and all other further instruments as may be required by law or as shall reasonably be requested by the Insurer for the perfection of the security interest, if any, granted under this Section 2.03 and for the preservation and protection of all rights of the Insurer under this Section 2.03.

Section 2.04. Unconditional Obligation. The obligations hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, subject to the limitations of the Document, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Obligations, the Document or any other document executed in connection with the issuance of the Obligations; or

(b) any exchange, release or nonperfection of any security interest in property securing the Obligations or this Agreement or any obligations hereunder; or

(c) any circumstances that might otherwise constitute a defense available to, or discharge of, the Issuer with respect to the Obligations, the Document or any other document executed in connection with the issuance of the Obligations; or

(d) whether or not such obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated.

Section 2.05. Insurer's Rights. The Issuer shall repay the Insurer to the extent of payments made and expenses incurred by the Insurer in connection with the Obligations and this Agreement. The obligation of the Issuer to repay such amounts shall be subordinate only to the rights of the Owners to receive regularly scheduled principal and interest on the Obligations.

Section 2.06. On-Going Information Obligations of Issuer.

(a) Quarterly Reports. The Issuer will provide to the Insurer within 45 days of the close of each quarter interim financial statements covering all fund balances under the Document, a statement of operations (income statement), balance sheet and changes in fund balances. These statements need not be audited by an independent certified public accountant, but if any audited statements are produced, they must be provided to the Insurer;

(b) Annual Reports. The Issuer will provide to the Insurer annual financial statements audited by an independent certified public accountant within 90 days of the end of each fiscal year;

(c) Access to Facilities, Books and Records. The Issuer will grant the Insurer reasonable access to the project financed by the Obligations and will make available to the Insurer, at reasonable times and upon reasonable notice all books and records relative to the project financed by the Obligations; and

(d) Compliance Certificate. On an annual basis the Issuer will provide to the Insurer a certificate confirming compliance with all covenants and obligations hereunder and under the Revenue Agreement, the Document or any other document executed in connection with the issuance of the Obligations.

ARTICLE III
AMENDMENTS TO DOCUMENT

So long as this Agreement is in effect, the Issuer agrees that it will not agree to amend the Document or any other document executed in connection with the issuance of the Obligations, without the prior written consent of the Insurer.

ARTICLE IV
EVENTS OF DEFAULT; REMEDIES

Section 4.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Issuer shall fail to pay to the Insurer when due any amount payable under Sections 1.03; or

(b) The Issuer shall fail to pay to the Insurer any amount payable under Sections 1.04 and 2.01 hereof and such failure shall have continued for a period in excess of the Reimbursement Period; or

(c) Any material representation or warranty made by the Issuer under the Document or hereunder or any statement in the application for the Surety Bond or any report, certificate, financial statement, document or other instrument provided in connection with the Commitment, the Surety Bond, the Obligations, or herewith shall have been materially false at the time when made; or

(d) Except as otherwise provided in this Section 4.01, the Issuer shall fail to perform any of its other obligations under the Document, or any other document executed in connection with the issuance of the Obligations, or hereunder, provided that such failure continues for more than 30 days after receipt by the Issuer of written notice of such failure to perform; or

(e) The Issuer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(f) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Issuer, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Issuer or for a substantial part of its property; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days.

Section 4.02. Remedies. If an Event of Default shall occur and be continuing, then the Insurer may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or to enforce performance of any obligation of the Issuer to the Insurer under the Document or any related instrument, and any obligation, agreement or covenant of the Issuer under this Agreement; provided, however, that the Insurer may not take any action to direct or require acceleration or other early redemption of the Obligations or adversely affect the rights of the Owners. In addition, if an Event of Default shall occur due to the failure to pay to the Insurer the amounts due under Section 1.03 hereof, the Insurer shall have the right to cancel the Surety Bond in accordance with its terms. All rights and remedies of the Insurer under this Section 4.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more of the other available remedies.

ARTICLE V
SETTLEMENT

The Insurer shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against the Insurer, the Issuer or any other party on the Surety Bond shall or shall not be paid, compromised, resisted, defended, tried or appealed, and the Insurer's decision thereon, if made in good faith, shall be final and binding upon the Insurer, the Issuer and any other party on the Surety Bond. An itemized statement of payments made by the Insurer, certified by an officer of the Insurer, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Issuer, and if the Issuer fails to immediately reimburse the Insurer upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by the Insurer at the rate set forth in subsection (a) of Section 2.01 hereof.

ARTICLE VI
MISCELLANEOUS

Section 6.01. Interest Computations. All computations of interest due hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days.

Section 6.02. Exercise of Rights. No failure or delay on the part of the Insurer to exercise any right, power or privilege under this Agreement and no course of dealing between the Insurer and the Issuer or any other party shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Insurer would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

Section 6.03. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Issuer and the Insurer. The Issuer hereby agrees that upon the written request of the Paying Agent, the Insurer may make or consent to issue any substitute for the Surety Bond to cure any ambiguity or formal defect or omission in the Surety Bond which does not materially change the terms of the Surety Bond nor adversely affect the rights of the Owners, and this Agreement shall apply to such substituted surety bond. The Insurer agrees to deliver to the Issuer and to the company or companies, if any, rating the Obligations, a copy of such substituted surety bond.

Section 6.04. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Issuer and the Insurer and their respective successors and assigns; provided, that the Issuer may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of the Insurer.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 6.05. Other Sureties. If the Insurer shall procure any other surety to reinsure the Surety Bond, this Agreement shall inure to the benefit of such other surety, its successors and assigns, so as to give to it a direct right of action against the Issuer to enforce this Agreement, and "the Insurer," wherever used herein, shall be deemed to include such reinsuring surety, as its respective interests may appear.

Section 6.06. Signature on Bond. The Issuer's liability shall not be affected by its failure to sign the Surety Bond nor by any claim that other indemnity or security was to have been obtained nor by the release of any indemnity, nor the return or exchange of any collateral that may have been obtained.

Section 6.07. Waiver. The Issuer waives any defense that this Agreement was executed subsequent to the date of the Surety Bond, admitting and covenanting that such Surety Bond was executed pursuant to the Issuer's request and in reliance on the Issuer's promise to execute this Agreement.

Section 6.08. Notices, Requests, Demands. Except as otherwise expressly provided herein, all written notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telex or telecopier notice sent over a telex or a telecopier machine owned or operated by a party hereto, when sent, addressed as specified below or at such other address as any of the parties may hereafter specify in writing to the others:

If to the Issuer:	Richmond Joint Powers Financing Authority 2600 Barrett Avenue Richmond, California 94804 Attention: Executive Director
If to the Paying Agent:	Union Bank of California, N.A., San Francisco, California Attention: Corporate Trust Officer
If to the Insurer:	MBIA Insurance Corporation 113 King Street Armonk, New York 10504 Attention: Insured Portfolio Management Group

Section 6.09. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement and the Surety Bond.

Section 6.10. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State.

Section 6.11. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument. Complete counterparts of this Agreement shall be lodged with the Issuer and the Insurer.

Section 6.12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.13. Survival of Obligations. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the Issuer to pay all amounts due hereunder and the rights of the Insurer to pursue all remedies shall survive the expiration, termination or substitution of the Surety Bond and this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

Richmond Joint Powers Financing Authority

By: _____

Title: _____

MBIA Insurance Corporation

_____

President

Attest: _____

Assistant Secretary

Section 6.12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.13. Survival of Obligations. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the Issuer to pay all amounts due hereunder and the rights of the Insurer to pursue all remedies shall survive the expiration, termination or substitution of the Surety Bond and this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

Richmond Joint Powers Financing Authority

By: _____

Title: _____

MBIA Insurance Corporation

_____

President

Attest: _____

Assistant Secretary

ANNEX A

SURETY BOND

To be provided.]

MBIA

DEBT SERVICE RESERVE SURETY BOND

MBIA Insurance Corporation Armonk, New York 10504

Surety Bond No. 42209(2)

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments that are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and that are required to be made by or on behalf of Richmond Joint Powers Financing Authority (the "Issuer") under the Trust Agreement, dated as of August 1, 2003 (the "Document") to Union Bank of California, N.A., San Francisco, California (the "Paying Agent"), as such payments are due but shall not be so paid, in connection with the issuance by the Issuer of $16,080,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Obligations"), provided that the amount available hereunder for payment pursuant to any one Demand for Payment (as hereinafter defined) shall not exceed $804,000 or the debt service reserve fund requirement for the Obligations, whichever is less (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Issuer or any designee of the Issuer for such purpose. The term "Owner" shall not include the Issuer or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

2. Upon the later of: (i) three (3) days after receipt by the Insurer of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts that are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

3. Demand for Payment hereunder may be made by prepaid telecopy, telex, TWX or telegram of the executed Demand for Payment c/o the Insurer. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond, the Insurer shall give notice to the Paying Agent, as promptly as reasonably practicable, that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.

4. The amount payable by the Insurer under this Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Insurer hereunder and will be reinstated to the extent of each reimbursement of the Insurer pursuant to the provisions of Article II of the Financial Guaranty Agreement dated the date hereof between the Insurer and the Issuer (the "Financial Guaranty Agreement"); provided, that no premium is due and unpaid on this Surety Bond and that in no event shall such reinstatement exceed the Surety Bond Limit. The Insurer will notify the Paying Agent, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Insurer gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Attachment 2.

5. Any service of process on the Insurer or notice to the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

MBIA

6. The term of this Surety Bond shall expire on the earlier of (i) September 1, 2025 (the maturity date of the Obligations being currently issued), or (ii) the date on which the Issuer has made all payments required to be made on the Obligations pursuant to the Document.

7. The premium payable on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Obligations.

8. This Surety Bond shall be governed by and interpreted under the laws of the State of California. Any suit hereunder in connection with any payment may be brought only by the Paying Agent within one year after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and the Insurer has failed to make such payment, or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Paying Agent to deliver to the Insurer a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

9. There shall be no acceleration payment due under this Policy unless such acceleration is at the sole option of the Insurer.

10. In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

In witness whereof, the Insurer has caused this Surety Bond to be executed in facsimile on its behalf by its duly authorized officers, this 27th day of August, 2003.

MBIA Insurance Corporation

President

Attest: _____
Assistant Secretary

SB-DSRF-9-CA
4/95

MBIA

Attachment 1
Surety Bond No. 42209(2)

DEMAND FOR PAYMENT

_____, 20__

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

Attention: President

Reference is made to the Surety Bond No. 42209(2) (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Paying Agent hereby certifies that:

(a) In accordance with the provisions of the Document (attached hereto as Exhibit A), payment is due to the Owners of the Obligations on _____ (the "Due Date") in an amount equal to $_____ (the "Amount Due").

(b) The debt service reserve fund requirement for the Obligations is $_____.

(c) The amounts legally available to the Paying Agent on the Due Date will be $_____ less than the Amount Due (the "Deficiency").

(d) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Paying Agent hereby requests that payment of the Deficiency (subject to the Surety Bond Coverage) be made by the Insurer under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond: _____
[Paying Agent's Account]

[PAYING AGENT]

By _____

Its _____

MBIA

Attachment 2
Surety Bond No. 42209(2)

NOTICE OF REINSTATEMENT

_____, 20__

[Paying Agent]

[Address]

Reference is made to the Surety Bond No. 42209(2) (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Insurer hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article II of the Financial Guaranty Agreement and as of the date hereof the Surety Bond Coverage is $.

MBIA Insurance Corporation

_____
President

Attest: _____
Assistant Secretary

ANNEX B

DEFINITIONS

For all purposes of this Agreement and the Surety Bond, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meaning as set out below, which shall be equally applicable to both the singular and plural forms of such terms.

"Agreement" means this Financial Guaranty Agreement.

"Closing Date" means August 27, 2003.

"Commitment" means the commitment to issue Municipal Bond Guaranty Insurance in the form attached hereto as Annex C.

"Debt Service Payments" means those payments required to be made by or on behalf of the Issuer which will be applied to payment of principal of and interest on the Obligations.

"Demand for Payment" means the certificate submitted to the Insurer for payment under the Surety Bond substantially in the form attached to the Surety Bond as Attachment 1.

"Document" means Trust Agreement, dated as of August 1, 2003.

"Event of Default" shall mean those events of default set forth in Section 4.01 of the Agreement.

"Insurer" has the same meaning as set forth in the first paragraph of this Agreement.

"Issuer" means Richmond Joint Powers Financing Authority.

"Obligations" means $16,080,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) .

"Owners" means the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer or any designee of the Issuer for such purpose.

"Paying Agent" means Union Bank of California, N.A., San Francisco, California.

"Premium" means $30,000 payable to the Insurer on or prior to the Closing Date.

"Reimbursement Period" means, with respect to a particular Surety Bond Payment, the period commencing on the date of such Surety Bond Payment and ending on the earlier of the date of cancellation of the Surety Bond due to nonpayment of Premium when due or on the expiration of 12 months following such Surety Bond Payment.

"Reimbursement Rate" means Citibank's prime rate plus three (3) percent per annum, as of the date of such Surety Bond Payment, said "prime rate" being the rate of interest announced from time to time by Citibank, N.A., New York, New York, as its prime rate. The rate of interest shall be calculated on the basis of the actual number of days elapsed over a 360-day year.

"State" means California.

"Surety Bond" means that surety bond attached hereto as Annex A and issued by the Insurer guaranteeing, subject to the terms and limitations thereof, Debt Service Payments required to be made by the Issuer under the Document.

"Surety Bond Coverage" means the amount available at any particular time to be paid under the terms of the Surety Bond, which amount shall never exceed the Surety Bond Limit.

"Surety Bond Limit" means $804,000.

"Surety Bond Payment" means an amount equal to the Debt Service Payment required to be made by the Issuer pursuant to the Document less (i) that portion of the Debt Service Payment paid by or on behalf of the Issuer, and (ii) other funds legally available for payment to the Owners, all as certified in a Demand for Payment.

FINANCIAL GUARANTY AGREEMENT

FINANCIAL GUARANTY AGREEMENT made as of August 27, 2003, by and between Richmond Joint Powers Financing Authority (the "Issuer") and MBIA Insurance Corporation (the "Insurer"), organized under the laws of the state of New York.

WITNESSETH:

WHEREAS, the Issuer has or will issue the Obligations; and

WHEREAS, pursuant to the terms of the Document the Issuer agrees to make certain payments on the Obligations; and

WHEREAS, the Insurer will issue its Surety Bond, substantially in the form set forth in Annex A to this Agreement, guaranteeing certain payments by the Issuer subject to the terms and limitations of the Surety Bond; and

WHEREAS, to induce the Insurer to issue the Surety Bond, the Issuer has agreed to pay the premium for the Surety Bond and to reimburse the Insurer for all payments made by the Insurer under the Surety Bond, all as more fully set forth in this Agreement; and

WHEREAS, the Issuer understands that the Insurer expressly requires the delivery of this Agreement as part of the consideration for the execution by the Insurer of the Surety Bond; and

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution of the Surety Bond, the Issuer and the Insurer agree as follows:

ARTICLE I
DEFINITIONS; SURETY BOND

Section 1.01. Definitions. The terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Surety Bond.

(a) The Insurer will issue the Surety Bond in accordance with and subject to the terms and conditions of the Commitment.

(b) The maximum liability of the Insurer under the Surety Bond and the coverage and term thereof shall be subject to and limited by the terms and conditions of the Surety Bond.

Section 1.03. Premium. In consideration of the Insurer agreeing to issue the Surety Bond hereunder, the Issuer hereby agrees to pay or cause to be paid the Premium set forth in Annex B hereto. The Premium on the Surety Bond is not refundable for any reason.

Section 1.04. Certain Other Expenses. The Issuer will pay all reasonable fees and disbursements of the Insurer's special counsel related to any modification of this Agreement or the Surety Bond.

ARTICLE II
REIMBURSEMENT AND INDEMNIFICATION OBLIGATIONS OF ISSUER AND SECURITY THEREFOR

Section 2.01. Reimbursement for Payments Under the Surety Bond and Expenses; Indemnification.

(a) The Issuer will reimburse the Insurer, within the Reimbursement Period, without demand or notice by the Insurer to the Issuer or any other person, to the extent of each Surety Bond Payment with interest on each Surety Bond Payment from and including the date made to the date of the reimbursement at the lesser of the Reimbursement Rate or the maximum rate of interest permitted by then applicable law.

(b) The Issuer also agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by state law, for all reasonable expenses incurred by the Insurer in connection with the Surety Bond and the enforcement by the Insurer of the Issuer's obligations under this Agreement, the Document, and any other document executed in connection with the issuance of the Obligations, together with interest on all such expenses from and including the date incurred to the date of payment at the rate set forth in subsection (a) of this Section 2.01.

(c) The Issuer agrees to indemnify the Insurer, to the extent permitted by state law, against any and all liability, claims, loss, costs, damages, fees of attorneys and other expenses which the Insurer may sustain or incur by reason of or in consequence of (i) the failure of the Issuer to perform or comply with the covenants or conditions of this Agreement or (ii) reliance by the Insurer upon representations made by the Issuer or (iii) a default by the Issuer under the terms of the Document or any other documents executed in connection with the issuance of the Obligations.

(d) The Issuer agrees that all amounts owing to the Insurer pursuant to Section 1.03 hereof and this Section 2.01 must be paid in full prior to any optional redemption or refunding of the Obligations.

(e) All payments made to the Insurer under this Agreement shall be paid in lawful currency of the United States in immediately available funds at the Insurer's office at 113 King Street, Armonk, New York 10504, Attention: Accounting and Insured Portfolio Management Departments, or at such other place as shall be designated by the Insurer.

Section 2.02. Allocation of Payments. The Insurer and the Issuer hereby agree that each payment received by the Insurer from or on behalf of the Issuer as a reimbursement to the Insurer as required by Section 2.01 hereof shall be applied by the Insurer first, toward payment of any unpaid premium; second, toward repayment of the aggregate Surety Bond Payments made by the Insurer and not yet repaid, payment of which will reinstate all or a portion of the Surety Bond Coverage to the extent of such repayment (but not to exceed the Surety Bond Limit); and third, upon full reinstatement of the Surety Bond Coverage to the Surety Bond Limit, toward other amounts, including, without limitation, any interest payable with respect to any Surety Bond Payments then due to the Insurer.

Section 2.03. Security for Payments; Instruments of Further Assurance. To the extent, but only to the extent, that the Document, or any related indenture, trust agreement, ordinance, resolution, mortgage, security agreement or similar instrument, if any, pledges to the Owners or any trustee therefor, or grants a security interest or lien in or on any collateral, property, revenue or other payments ("Collateral and Revenues") in order to secure the Obligations or provide a source of payment for the Obligations, the Issuer hereby grants to the Insurer a security interest in or lien on, as the case may be, and pledges to the Insurer all such Collateral and Revenues as security for payment of all amounts due hereunder and under the Document or any other document executed in connection with the issuance of the Obligations, which security interest, lien and/or pledge created or granted under this Section 2.03 shall be subordinate only to the interests of the Owners and any trustee therefor in such Collateral and Revenues, except as otherwise provided. The Issuer agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all financing statements, if applicable, and all other further instruments as may be required by law or as shall reasonably be requested by the Insurer for the perfection of the security interest, if any, granted under this Section 2.03 and for the preservation and protection of all rights of the Insurer under this Section 2.03.

Section 2.04. Unconditional Obligation. The obligations hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, subject to the limitations of the Document, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Obligations, the Document or any other document executed in connection with the issuance of the Obligations; or

(b) any exchange, release or nonperfection of any security interest in property securing the Obligations or this Agreement or any obligations hereunder; or

(c) any circumstances that might otherwise constitute a defense available to, or discharge of, the Issuer with respect to the Obligations, the Document or any other document executed in connection with the issuance of the Obligations; or

(d) whether or not such obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated.

Section 2.05. Insurer's Rights. The Issuer shall repay the Insurer to the extent of payments made and expenses incurred by the Insurer in connection with the Obligations and this Agreement. The obligation of the Issuer to repay such amounts shall be subordinate only to the rights of the Owners to receive regularly scheduled principal and interest on the Obligations.

Section 2.06. On-Going Information Obligations of Issuer.

(a) Quarterly Reports. The Issuer will provide to the Insurer within 45 days of the close of each quarter interim financial statements covering all fund balances under the Document, a statement of operations (income statement), balance sheet and changes in fund balances. These statements need not be audited by an independent certified public accountant, but if any audited statements are produced, they must be provided to the Insurer;

(b) Annual Reports. The Issuer will provide to the Insurer annual financial statements audited by an independent certified public accountant within 90 days of the end of each fiscal year;

(c) Access to Facilities, Books and Records. The Issuer will grant the Insurer reasonable access to the project financed by the Obligations and will make available to the Insurer, at reasonable times and upon reasonable notice all books and records relative to the project financed by the Obligations; and

(d) Compliance Certificate. On an annual basis the Issuer will provide to the Insurer a certificate confirming compliance with all covenants and obligations hereunder and under the Revenue Agreement, the Document or any other document executed in connection with the issuance of the Obligations.

ARTICLE III
AMENDMENTS TO DOCUMENT

So long as this Agreement is in effect, the Issuer agrees that it will not agree to amend the Document or any other document executed in connection with the issuance of the Obligations, without the prior written consent of the Insurer.

ARTICLE IV
EVENTS OF DEFAULT; REMEDIES

Section 4.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Issuer shall fail to pay to the Insurer when due any amount payable under Sections 1.03; or

(b) The Issuer shall fail to pay to the Insurer any amount payable under Sections 1.04 and 2.01 hereof and such failure shall have continued for a period in excess of the Reimbursement Period; or

(c) Any material representation or warranty made by the Issuer under the Document or hereunder or any statement in the application for the Surety Bond or any report, certificate, financial statement, document or other instrument provided in connection with the Commitment, the Surety Bond, the Obligations, or herewith shall have been materially false at the time when made; or

(d) Except as otherwise provided in this Section 4.01, the Issuer shall fail to perform any of its other obligations under the Document, or any other document executed in connection with the issuance of the Obligations, or hereunder, provided that such failure continues for more than 30 days after receipt by the Issuer of written notice of such failure to perform; or

(e) The Issuer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(f) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Issuer, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Issuer or for a substantial part of its property; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days.

Section 4.02. Remedies. If an Event of Default shall occur and be continuing, then the Insurer may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or to enforce performance of any obligation of the Issuer to the Insurer under the Document or any related instrument, and any obligation, agreement or covenant of the Issuer under this Agreement; provided, however, that the Insurer may not take any action to direct or require acceleration or other early redemption of the Obligations or adversely affect the rights of the Owners. In addition, if an Event of Default shall occur due to the failure to pay to the Insurer the amounts due under Section 1.03 hereof, the Insurer shall have the right to cancel the Surety Bond in accordance with its terms. All rights and remedies of the Insurer under this Section 4.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more of the other available remedies.

ARTICLE V
SETTLEMENT

The Insurer shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against the Insurer, the Issuer or any other party on the Surety Bond shall or shall not be paid, compromised, resisted, defended, tried or appealed, and the Insurer's decision thereon, if made in good faith, shall be final and binding upon the Insurer, the Issuer and any other party on the Surety Bond. An itemized statement of payments made by the Insurer, certified by an officer of the Insurer, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Issuer, and if the Issuer fails to immediately reimburse the Insurer upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by the Insurer at the rate set forth in subsection (a) of Section 2.01 hereof.

ARTICLE VI
MISCELLANEOUS

Section 6.01. Interest Computations. All computations of interest due hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days.

Section 6.02. Exercise of Rights. No failure or delay on the part of the Insurer to exercise any right, power or privilege under this Agreement and no course of dealing between the Insurer and the Issuer or any other party shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Insurer would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

Section 6.03. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Issuer and the Insurer. The Issuer hereby agrees that upon the written request of the Paying Agent, the Insurer may make or consent to issue any substitute for the Surety Bond to cure any ambiguity or formal defect or omission in the Surety Bond which does not materially change the terms of the Surety Bond nor adversely affect the rights of the Owners, and this Agreement shall apply to such substituted surety bond. The Insurer agrees to deliver to the Issuer and to the company or companies, if any, rating the Obligations, a copy of such substituted surety bond.

Section 6.04. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Issuer and the Insurer and their respective successors and assigns; provided, that the Issuer may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of the Insurer.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 6.05. Other Sureties. If the Insurer shall procure any other surety to reinsure the Surety Bond, this Agreement shall inure to the benefit of such other surety, its successors and assigns, so as to give to it a direct right of action against the Issuer to enforce this Agreement, and "the Insurer," wherever used herein, shall be deemed to include such reinsuring surety, as its respective interests may appear.

Section 6.06. Signature on Bond. The Issuer's liability shall not be affected by its failure to sign the Surety Bond nor by any claim that other indemnity or security was to have been obtained nor by the release of any indemnity, nor the return or exchange of any collateral that may have been obtained.

Section 6.07. Waiver. The Issuer waives any defense that this Agreement was executed subsequent to the date of the Surety Bond, admitting and covenanting that such Surety Bond was executed pursuant to the Issuer's request and in reliance on the Issuer's promise to execute this Agreement.

Section 6.08. Notices, Requests, Demands. Except as otherwise expressly provided herein, all written notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telex or telecopier notice sent over a telex or a telecopier machine owned or operated by a party hereto, when sent, addressed as specified below or at such other address as any of the parties may hereafter specify in writing to the others:

If to the Issuer:	Richmond Joint Powers Financing Authority 2600 Barrett Avenue Richmond, California 94804 Attention: Executive Director
If to the Paying Agent:	Union Bank of California, N.A., San Francisco, California Attention: Corporate Trust Officer
If to the Insurer:	MBIA Insurance Corporation 113 King Street Armonk, New York 10504 Attention: Insured Portfolio Management Group

Section 6.09. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement and the Surety Bond.

Section 6.10. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State.

Section 6.11. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument. Complete counterparts of this Agreement shall be lodged with the Issuer and the Insurer.

Section 6.12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.13. Survival of Obligations. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the Issuer to pay all amounts due hereunder and the rights of the Insurer to pursue all remedies shall survive the expiration, termination or substitution of the Surety Bond and this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

Richmond Joint Powers Financing Authority

By: _____

Title: _____

MBIA Insurance Corporation

_____

President

Attest: _____

Assistant Secretary

Section 6.12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.13. Survival of Obligations. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the Issuer to pay all amounts due hereunder and the rights of the Insurer to pursue all remedies shall survive the expiration, termination or substitution of the Surety Bond and this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

Richmond Joint Powers Financing Authority

By: _____

Title: _____

MBIA Insurance Corporation

_____

President

Attest: _____

Assistant Secretary

ANNEX A

SURETY BOND

To be provided.]

MBIA

DEBT SERVICE RESERVE SURETY BOND

MBIA Insurance Corporation
Armonk, New York 10504

Surety Bond No. 42210(2)

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments that are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and that are required to be made by or on behalf of Richmond Joint Powers Financing Authority (the "Issuer") under the Trust Agreement, dated as of August 1, 2003 (the "Document") to Union Bank of California, N.A., San Francisco, California (the "Paying Agent"), as such payments are due but shall not be so paid, in connection with the issuance by the Issuer of $12,500,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Obligations"), provided that the amount available hereunder for payment pursuant to any one Demand for Payment (as hereinafter defined) shall not exceed $625,000 or the debt service reserve fund requirement for the Obligations, whichever is less (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Issuer or any designee of the Issuer for such purpose. The term "Owner" shall not include the Issuer or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

2. Upon the later of: (i) three (3) days after receipt by the Insurer of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the Insurer, the Insurer will make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts that are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

3. Demand for Payment hereunder may be made by prepaid telecopy, telex, TWX or telegram of the executed Demand for Payment c/o the Insurer. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond, the Insurer shall give notice to the Paying Agent, as promptly as reasonably practicable, that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.

4. The amount payable by the Insurer under this Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Insurer hereunder and will be reinstated to the extent of each reimbursement of the Insurer pursuant to the provisions of Article II of the Financial Guaranty Agreement dated the date hereof between the Insurer and the Issuer (the "Financial Guaranty Agreement"); provided, that no premium is due and unpaid on this Surety Bond and that in no event shall such reinstatement exceed the Surety Bond Limit. The Insurer will notify the Paying Agent, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Insurer gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Attachment 2.

5. Any service of process on the Insurer or notice to the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

MBIA

6. The term of this Surety Bond shall expire on the earlier of (i) September 1, 2025 (the maturity date of the Obligations being currently issued), or (ii) the date on which the Issuer has made all payments required to be made on the Obligations pursuant to the Document.

7. The premium payable on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Obligations.

8. This Surety Bond shall be governed by and interpreted under the laws of the State of California. Any suit hereunder in connection with any payment may be brought only by the Paying Agent within one year after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and the Insurer has failed to make such payment, or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Paying Agent to deliver to the Insurer a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

9. There shall be no acceleration payment due under this Policy unless such acceleration is at the sole option of the Insurer.

10. In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

In witness whereof, the Insurer has caused this Surety Bond to be executed in facsimile on its behalf by its duly authorized officers, this 27th day of August, 2003.

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

SB-DSRF-9-CA
4/95

MBIA

Attachment 1
Surety Bond No. 42210(2)

DEMAND FOR PAYMENT

_____, 20__

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

Attention: President

Reference is made to the Surety Bond No. 42210(2) (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Paying Agent hereby certifies that:

(a) In accordance with the provisions of the Document (attached hereto as Exhibit A), payment is due to the Owners of the Obligations on _____ (the "Due Date") in an amount equal to $_____ (the "Amount Due").

(d) The debt service reserve fund requirement for the Obligations is $_____.

(e) The amounts legally available to the Paying Agent on the Due Date will be $_____ less than the Amount Due (the "Deficiency").

(d) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Paying Agent hereby requests that payment of the Deficiency (subject to the Surety Bond Coverage) be made by the Insurer under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond: _____
[Paying Agent's Account]

[PAYING AGENT]

By _____

Its _____

MBIA

Attachment 2
Surety Bond No. 42210(2)

NOTICE OF REINSTATEMENT

_____, 20__

[Paying Agent]

[Address]

Reference is made to the Surety Bond No. 42210(2) (the "Surety Bond") issued by the MBIA Insurance Corporation (the "Insurer"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Insurer hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article II of the Financial Guaranty Agreement and as of the date hereof the Surety Bond Coverage is $.

MBIA Insurance Corporation

_____
President

Attest: _____
Assistant Secretary

ANNEX B

DEFINITIONS

For all purposes of this Agreement and the Surety Bond, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meaning as set out below, which shall be equally applicable to both the singular and plural forms of such terms.

"Agreement" means this Financial Guaranty Agreement.

"Closing Date" means August 27, 2003.

"Commitment" means the commitment to issue Municipal Bond Guaranty Insurance in the form attached hereto as Annex C.

"Debt Service Payments" means those payments required to be made by or on behalf of the Issuer which will be applied to payment of principal of and interest on the Obligations.

"Demand for Payment" means the certificate submitted to the Insurer for payment under the Surety Bond substantially in the form attached to the Surety Bond as Attachment 1.

"Document" means Trust Agreement, dated as of August 1, 2003.

"Event of Default" shall mean those events of default set forth in Section 4.01 of the Agreement.

"Insurer" has the same meaning as set forth in the first paragraph of this Agreement.

"Issuer" means Richmond Joint Powers Financing Authority.

"Obligations" means $12,500,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003B (Taxable) .

"Owners" means the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer or any designee of the Issuer for such purpose.

"Paying Agent" means Union Bank of California, N.A., San Francisco, California.

"Premium" means $23,000 payable to the Insurer on or prior to the Closing Date.

"Reimbursement Period" means, with respect to a particular Surety Bond Payment, the period commencing on the date of such Surety Bond Payment and ending on the earlier of the date of cancellation of the Surety Bond due to nonpayment of Premium when due or on the expiration of 12 months following such Surety Bond Payment.

"Reimbursement Rate" means Citibank's prime rate plus three (3) percent per annum, as of the date of such Surety Bond Payment, said "prime rate" being the rate of interest announced from time to time by Citibank, N.A., New York, New York, as its prime rate. The rate of interest shall be calculated on the basis of the actual number of days elapsed over a 360-day year.

"State" means California.

"Surety Bond" means that surety bond attached hereto as Annex A and issued by the Insurer guaranteeing, subject to the terms and limitations thereof, Debt Service Payments required to be made by the Issuer under the Document.

"Surety Bond Coverage" means the amount available at any particular time to be paid under the terms of the Surety Bond, which amount shall never exceed the Surety Bond Limit.

"Surety Bond Limit" means $625,000.

"Surety Bond Payment" means an amount equal to the Debt Service Payment required to be made by the Issuer pursuant to the Document less (i) that portion of the Debt Service Payment paid by or on behalf of the Issuer, and (ii) other funds legally available for payment to the Owners, all as certified in a Demand for Payment.

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. 42209(1)

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Union Bank of California, N.A., San Francisco, California or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

$16,080,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 27th day of August, 2003.

MBIA Insurance Corporation

SPECIMEN

President

Attest:

Assistant Secretary

STD-R-CA-6
4/95

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

MBIA

Capital Strength. Triple-A Performance.

August 27, 2003

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

$16,080,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)

Ladies and Gentlemen:

In connection with the above-described obligations (the "Obligations") of which you are acting as paying agent (the "Paying Agent"), please be advised that the payment to you of principal of and interest on the Obligations has been guaranteed by a policy of financial guaranty insurance (the "Policy") issued by the MBIA Insurance Corporation (the "Insurer"). U.S. Bank Trust National Association, New York, New York (the "Fiscal Agent") is acting as the fiscal agent for the Insurer.

The Policy unconditionally and irrevocably guarantees to any owner or holder of the Obligations or, if applicable, of the coupons appertaining thereto (the "Owner"), the full and complete payment required to be made by or on behalf of the issuer of the Obligations (the "Issuer") to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference (a "Preference") to the Owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence are referred to collectively in this letter as the "Insured Amounts."

SPECIMEN

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligations. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Obligations upon tender by an Owner thereof; or (iv) any Preference relating to (i) through (iii) above.

In the event that the Issuer does not make full and complete payment when due of the principal of and interest on the Obligations, please immediately notify, by telephone or telegraph, the Insurer, 113 King Street, Armonk, New York, 10504, (914) 273-4545. On the due date or within one business day after receipt of such notice, whichever is later, the Insurer will deposit funds with the Fiscal Agent sufficient to pay the Obligations (or, if applicable, coupons appertaining thereto) then due. Upon presentment and surrender of such Obligations (or, if applicable, coupons) or presentment of such other proof of ownership of Obligations together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for the Owners in any legal proceeding related to payment of Insured Amounts on the Obligations (or, if applicable, coupons), such instruments being in a form satisfactory to the Fiscal Agent, the Fiscal Agent shall disburse to you payment of the Insured Amounts due on such Obligations (and, if applicable, coupons), less any amount held by you for the payment of such Insured Amounts and legally available therefor.

Forms of such instruments of assignment and instruments to effect the appointment of the Insurer as such agent for the Owners (collectively, the "Claim Documents"), which are currently acceptable to the Fiscal Agent and the Insurer, are on file with the Fiscal Agent. The Insurer may, from time to time, file revised forms of Claim Documents with the Fiscal Agent in substitution for the forms previously filed with the Fiscal Agent, and upon such filing, the revised forms shall supersede all forms of Claim Documents previously filed with the Fiscal Agent, except as otherwise directed by the Insurer in writing.

SPECIMEN

In the event that you shall have prior knowledge of an impending failure by the Issuer to make payment on the Obligations (or, if applicable, coupons) when due, please immediately notify the Insurer so that it will be possible to have funds available for you on the due date to make payments against surrendered Obligations (and, if applicable, coupons).

Your cooperation in this matter will be most appreciated and will make it possible for the Owners of Obligations guaranteed by the Insurer to be assured of all payments when due.

Very truly yours,

Gary C. Dunton
President

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. 42210(1)

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Union Bank of California, N.A., San Francisco, California or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

$12,500,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003B (Taxable)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 27th day of August, 2003.

MBIA Insurance Corporation

President

SPECIMEN

Attest:

Assistant Secretary

STD-R-CA-6
4/95

MBIA

Capital Strength. Triple-A Performance.

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

August 27, 2003

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

$12,500,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003B (Taxable)

Ladies and Gentlemen:

In connection with the above-described obligations (the "Obligations") of which you are acting as paying agent (the "Paying Agent"), please be advised that the payment to you of principal of and interest on the Obligations has been guaranteed by a policy of financial guaranty insurance (the "Policy") issued by the MBIA Insurance Corporation (the "Insurer"). U.S. Bank Trust National Association, New York, New York (the "Fiscal Agent") is acting as the fiscal agent for the Insurer.

The Policy unconditionally and irrevocably guarantees to any owner or holder of the Obligations or, if applicable, of the coupons appertaining thereto (the "Owners"), the full and complete payment required to be made by or on behalf of the issuer of the Obligations (the "Issuer") to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference (a "Preference") to the Owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence are referred to collectively in this letter as the "Insured Amounts."

SPECIMEN

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligations. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Obligations upon tender by an Owner thereof; or (iv) any Preference relating to (i) through (iii) above.

MBIA

In the event that the Issuer does not make full and complete payment when due of the principal of and interest on the Obligations, please immediately notify, by telephone or telegraph, the Insurer, 113 King Street, Armonk, New York, 10504, (914) 273-4545. On the due date or within one business day after receipt of such notice, whichever is later, the Insurer will deposit funds with the Fiscal Agent sufficient to pay the Obligations (or, if applicable, coupons appertaining thereto) then due. Upon presentment and surrender of such Obligations (or, if applicable, coupons) or presentment of such other proof of ownership of Obligations together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for the Owners in any legal proceeding related to payment of Insured Amounts on the Obligations (or, if applicable, coupons), such instruments being in a form satisfactory to the Fiscal Agent, the Fiscal Agent shall disburse to you payment of the Insured Amounts due on such Obligations (and, if applicable, coupons), less any amount held by you for the payment of such Insured Amounts and legally available therefor.

SPECIMEN

Forms of such instruments of assignment and instruments to effect the appointment of the Insurer as such agent for the Owners (collectively, the "Claim Documents"), which are currently acceptable to the Fiscal Agent and the Insurer, are on file with the Fiscal Agent. The Insurer may, from time to time, file revised forms of Claim Documents with the Fiscal Agent in substitution for the forms previously filed with the Fiscal Agent, and upon such filing, the revised forms shall supersede all forms of Claim Documents previously filed with the Fiscal Agent, except as otherwise directed by the Insurer in writing.

In the event that you shall have prior knowledge of an impending failure by the Issuer to make payment on the Obligations (or, if applicable, coupons) when due, please immediately notify the Insurer so that it will be possible to have funds available for you on the due date to make payments against surrendered Obligations (and, if applicable, coupons).

Your cooperation in this matter will be most appreciated and will make it possible for the Owners of Obligations guaranteed by the Insurer to be assured of all payments when due.

Very truly yours,

Gary C. Dunton
President

STANDARD
&POOR'S

Vincent S. Orgo
Administrative Officer
55 Water Street, 38th Floor
New York, NY 10041-0003
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Steven G. Zimmermann
Managing Director
One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5004
steve_zimmermann@standardandpoors.com

reference no.: 40143879

August 25, 2003

MBIA Insurance Corporation
113 King Street
Armonk, NY 10504
Attention: Ms. Lisa A. Wilson, Vice President Manager DAC Group

Re: ***$16,080,000 Richmond Joint Powers Financing Authority, California, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt), dated: Date of Delivery, due: September 1, 2008-2018, Series A Term Bonds due: September 1, 2022, September 1, 2025, (POLICY #42209(1))***

Dear Ms. Wilson:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "A-" and changed the outlook to not meaningful from stable. The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Standard & Poor's is pleased to be of service to you. For more information please visit our website at www.standardandpoors.com. If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a division of The McGraw-Hill Companies, Inc.

Vincent S. Orgo
Administrative Officer

ak

The McGraw-Hill Companies

STANDARD
&POOR'S

Vincent S. Orgo
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Steven G. Zimmermann
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One Market
Steuart Tower, 15th Floor
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steve_zimmermann@standardandpoors.com

August 25, 2003

MBIA Insurance Corporation
113 King Street
Armonk, NY 10504
Attention: Ms. Lisa A. Wilson, Vice President Manager DAC Group

Re: ***$12,500,000 Richmond Joint Powers Financing Authority, California, Tax Allocation Revenue Bonds, Series 2003B (Taxable), dated: Date of Delivery, due: September 1, 2008-2013, Series B Term Bonds due: September 1, 2018, September 1, 2025, (POLICY #42210(I))***

Dear Ms. Wilson:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "A-" and changed the outlook to not meaningful from stable. The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

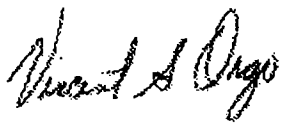
Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any

subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Standard & Poor's is pleased to be of service to you. For more information please visit our website at www.standardandpoors.com. If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a division of The McGraw-Hill Companies, Inc.



Vincent S. Orgo
Administrative Officer

ak

FitchRatings

1201 East 7th Street
Powell, WY 82435

T 307 754 2012 / 800 853 4824
www.fitchratings.com

Ms. Lisa Wilson
MBIA Insurance Corp.
113 King Street
Armonk, NY 10504
August 26, 2003

Dear Ms. Wilson:

Re: Richmond Joint Powers Financing Authority
$16,080,000 Tax Allocation Revenue Bonds
Series 2003A (Tax Exempt)
42209(1)

Fitch Ratings has assigned a rating of 'AAA' to the above referenced Bonds. This reflects credit enhancement in the form of a bond insurance policy provided by MBIA Insurance Corp. (MBIA), which has an insurer financial strength rating of 'AAA'. Fitch Ratings defines companies with 'AAA' insurer financial strength ratings as follows: "Companies are viewed as possessing exceptionally strong capacity to meet policyholder and contract obligations. Risk factors are minimal and the impact of any adverse business and economic factors is expected to be extremely small."

Ratings assigned by Fitch Ratings are based on information provided to us by MBIA. Fitch Ratings does not audit or verify the truth or accuracy of such information. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payment made in respect of any security. The insurer financial strength rating assigned to MBIA may be changed, withdrawn, suspended, or placed on RatingWatch as a result of changes in MBIA's financial condition. The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., UK or any other relevant securities laws.

Sincerely,

Becky K. Christensen
Manager / Insured Ratings

FitchRatings

1201 East 7th Street
Powell, WY 82435

T 307 754 2012 / 800 853 4824
www.fitchratings.com

Ms. Lisa Wilson
MBIA Insurance Corp.
113 King Street
Armonk, NY 10504
August 26, 2003

Dear Ms. Wilson:

Re: Richmond Joint Powers Financing Authority
$12,500,000 Tax Allocation Revenue Bonds
Series 2003B (Taxable)
42210(1)

Fitch Ratings has assigned a rating of 'AAA' to the above referenced Bonds. This reflects credit enhancement in the form of a bond insurance policy provided by MBIA Insurance Corp. (MBIA), which has an insurer financial strength rating of 'AAA'. Fitch Ratings defines companies with 'AAA' insurer financial strength ratings as follows: "Companies are viewed as possessing exceptionally strong capacity to meet policyholder and contract obligations. Risk factors are minimal and the impact of any adverse business and economic factors is expected to be extremely small."

Ratings assigned by Fitch Ratings are based on information provided to us by MBIA. Fitch Ratings does not audit or verify the truth or accuracy of such information. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payment made in respect of any security. The insurer financial strength rating assigned to MBIA may be changed, withdrawn, suspended, or placed on RatingWatch as a result of changes in MBIA's financial condition. The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., UK or any other relevant securities laws.

Sincerely,

Becky K. Christensen
Manager / Insured Ratings

MBIA

CERTIFICATE OF MBIA INSURANCE CORPORATION

I, Adam M. Carta, Assistant Secretary of MBIA Insurance Corporation, do hereby certify that the information concerning MBIA Insurance Corporation and its policies as set forth in the Official Statement, dated August 14, 2003 under the caption "Financial Guaranty Insurance Policies and Debt Service Reserve Fund Surety Bonds", regarding $16,080,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and $12,500,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003B (Taxable), is accurate.

IN WITNESS WHEREOF, I hereunto set my hand and deliver this Certificate on this 27th day of August, 2003.

Assistant Secretary

MBIA Insurance Corporation
113 King Street, Armonk, NY 10504
Tel 914-273-4545
www.mbia.com

MBIA

Capital Strength. Triple-A Performance.

August 27, 2003

Richmond Joint Powers Financing Authority
2600 Barrett Avenue
Richmond, California 94804

RBC Dain Rauscher
345 California Street, Suite 2800
San Francisco, California 94104

$16,080,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)

$804,000
Debt Service Reserve Fund for the
$16,080,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003A (Tax-Exempt)

$12,500,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003B (Taxable)

$625,000
Debt Service Reserve Fund for the
$12,500,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2003B (Taxable)

Ladies and Gentlemen:

I am Deputy General Counsel of the MBIA Insurance Corporation, a New York corporation (the "Corporation"), and have acted as counsel to the Corporation in connection with the issuance of Financial Guaranty Insurance Policy Nos. 42209(1) and 42210(1) relating to $16,080,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt), $12,500,000 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003B (Taxable) and Debt Service Reserve Surety Bond Nos. 42209(2) and 42210(2) in amounts not to exceed $804,000 and $625,000, respectively, relating to the Bonds (collectively, the "Policies").

In so acting, I have examined copies of the Policies and such other relevant documents as I have deemed necessary.

Based upon the foregoing, I am of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policies under the laws of the State of New York and the State of California.

2. The Policies have been duly executed and are valid and binding obligations of the Corporation enforceable in accordance with their terms except that the enforcement of the Policies may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

Pauline M. Cullen

Pauline M. Cullen
Deputy General Counsel

Office of the City Attorney
City of Richmond
1401 Marina Way South, P. O. Box 4046
Richmond, CA 94804
(510) 620-6509 • Fax: (510) 620-6518

WAYNE NISHIOKA
Acting City Attorney

August 27, 2003

Richmond Joint Powers Financing Authority
Richmond, California

RBC Dain Rauscher Inc.
San Francisco, California

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

Re: Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds,
Series 2003A (Tax-Exempt) and Series 2003B (Taxable)

Ladies and Gentlemen:

I am the Acting City Attorney for the City of Richmond, California (the "City") and also act as counsel to the Richmond Joint Powers Financing Authority (the "Authority"). I am familiar with the proceedings of the Authority relating to the issuance and sale of $16,080,000 aggregate principal amount of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series A Bonds"), and $12,500,000 aggregate principal amount of Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series B Bonds," and together with the Series A Bonds, the "Bonds") and have reviewed the proceedings of the Authority and documents and certificates of the Authority and others necessary to render the opinion set forth below. All capitalized items used herein but not defined herein shall have the respective meanings assigned thereto in the Bond Purchase Agreement, dated as of August 14, 2003, by and between the Authority and RBC Dain Rauscher Inc. (the "Bond Purchase Agreement").

This opinion is solely based upon and limited to the laws of the State of California, except California securities and tax law, as to which no opinion is expressed.

Based upon the foregoing, and with the foregoing qualifications, I am of the following opinions:

1. The Authority is a public body corporate and politic, duly organized and existing under the Constitution and laws of the State, including Section 6500 et seq. of the California Government Code, as amended with full power and authority to enter into the transactions contemplated by the Bond Purchase Agreement.

2. The Official Statement has been duly authorized by the Authority.

3. The resolution of the Authority, adopted on July 22, 2003, approving and authorizing the execution and delivery of the Bonds, the Bond Purchase Agreement, the Loan Agreement, the Trust Agreement and those certain Financial Guaranty Agreements, each dated as of August 27, 2003 and each by and between the Authority and MBIA Insurance Corporation, providing for the issuance of surety policies with respect to the Series A Bonds and the Series B Bonds, respectively (collectively, the "Authority Documents"), and the Official Statement was duly adopted at a meeting of the governing board of the Authority that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

4. Other than as may be set forth in the Official Statement, to my knowledge there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to be pending or threatened against or affecting the Authority to restrain or enjoin the issuance or delivery of the Bonds or the collection of the revenues pledged under the Trust Agreement, or in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Authority Documents or in any way contesting the existence or powers of the Authority wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Official Statement of the Authority Documents or the validity of the Authority Documents.

5. The Authority Documents have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, where applicable, are valid and binding obligations of the Authority, enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles and to limitations on legal remedies under State law.

Respectfully submitted,

WAYNE NISHIOKA
Acting City Attorney

Office of the City Attorney
City of Richmond
1401 Marina Way South, P. O. Box 4046
Richmond, CA 94804
(510) 620-6509 • Fax: (510) 620-6518

WAYNE NISHIOKA
Acting City Attorney

August 27, 2003

Richmond Redevelopment Agency
Richmond, California

RBC Dain Rauscher Inc.
San Francisco, California

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

Re: Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds,
Series 2003A (Tax-Exempt) and Series 2003B (Taxable)

Ladies and Gentlemen:

I am the Acting City Attorney for the City of Richmond, California (the "City") and also act as counsel to the Richmond Redevelopment Agency (the "Agency"). I am familiar with the proceedings of the Agency relating to the issuance and sale of $16,080,000 aggregate principal amount of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series A Bonds"), and $12,500,000 aggregate principal amount of Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series B Bonds," and together with the Series A Bonds, the "Bonds") and have reviewed the proceedings of the Agency and documents and certificates of the Agency and others necessary to render the opinions set forth below. All capitalized items used herein but not defined herein shall have the respective meanings assigned thereto in the Bond Purchase Agreement, dated as of August 14, 2003 (the "Bond Purchase Agreement"), by and between the Agency, the Richmond Joint Powers Financing Authority (the "Authority) and RBC Dain Rauscher Inc.

This opinion is solely based upon and limited to the laws of the State of California, except California securities and tax law, as to which no opinion is expressed.

Based upon the foregoing, and with the foregoing qualifications, I am of the following opinions:

1. The Agency is a public body corporate and politic, duly organized and existing pursuant to the Community Redevelopment Law of the State (being Part 1 of Division 24 of the California Health and Safety Code), as amended with full power and authority to enter into the transactions contemplated by the Bond Purchase Agreement.

2. The Official Statement has been duly authorized by the Agency.

3. The resolution of the Agency, adopted on July 22, 2003, approving and authorizing the execution and delivery of the Loan Agreement and approving a Continuing Disclosure Agreement was duly adopted at a meeting of the governing board of the Agency that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

4. Other than as may be set forth in the Official Statement, to my knowledge there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to be pending or threatened against or affecting the Agency in any way contesting the validity of the Loan Agreement, the Continuing Disclosure Agreement or in any way contesting the existence or powers of the Agency wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Loan Agreement or the Continuing Disclosure Agreement or the validity of the Loan Agreement, or the Continuing Disclosure Agreement.

5. The Loan Agreement and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, where applicable, are valid and binding obligations of the Agency, enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles and to limitations on legal remedies under State law.

Respectfully submitted,

WANYE NISHIOKA
Acting City Attorney

UNION BANK OF CALIFORNIA

LEGAL DIVISION

August 27, 2003

Richmond Joint Powers Financing Authority
Richmond, California

RBC Dain Rauscher Inc.
San Francisco, California

MBIA Insurance Corporation
Armonk, New York

Re: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2003A (Tax-Exempt) and Series 2003B (Taxable)

Ladies and Gentlemen:

I am a Vice President and Senior Counsel of Union Bank of California, N.A. (the "Trustee") and have acted as counsel on the Trustee's behalf, in connection with the execution and delivery by the Trustee of that certain Trust Agreement dated as of August 1, 2003 (the "Trust Agreement") between the Richmond Joint Powers Financing Authority (the "Authority") and the Trustee and relating to the issuance of the above-captioned Series A Bonds and Series B Bonds (collectively the "Bonds").

In that connection I have reviewed the following: (i) the Trust Agreement; (ii) the Articles of Association and Bylaws of the Trustee and resolutions of the Trustee with respect to signing authority; and (iii) such other records, documents, instruments and certificates of public officials and the Trustee, as I have deemed necessary for the purpose of rendering the opinions set forth herein.

In rendering this opinion, I have relied upon the facts and information obtained from the records of the Trustee, officers of the Trustee, and other sources believed by me to be reliable, and I have not undertaken to independently verify the accuracy of the factual matters represented, warranted, or certified in such documents. I have reviewed only copies of the documents, and I have assumed that such copies conform to the originals, which assumption I have not independently verified.

I have further assumed that each party to the Trust Agreement, other than the Trustee, has the power to enter into and perform its obligations thereunder, has duly authorized, executed and delivered the Trust Agreement, and that the Trust Agreement constitutes the legal, valid and binding obligation of each party thereto other than the Trustee.

Terms used herein which are defined in the Trust Agreement shall have the respective meanings set forth therein unless otherwise defined herein.

445 SOUTH FIGUEROA STREET, LOS ANGELES, CALIFORNIA 90071-1602

213 236 5477 FAX 213 627 1819

Based upon and subject to the foregoing, I am of the opinion that:

1. The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America having full power to enter into, accept and administer the trusts created under the Trust Agreement and to execute and deliver and perform its obligations under the Trust Agreement; and

2. The Trustee has duly authorized, executed and delivered the Trust Agreement, and the Trust Agreement constitutes the legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limited by the rights of creditors generally.

I express no opinion as to any matter other than as expressly set forth above, and, in connection therewith, I specifically express no opinion as to the status of the Bonds or the interest thereon and further express no opinion regarding any federal securities laws, including but not limited to the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, and any state securities or "Blue Sky" law, or any federal, state or local tax law.

This opinion is as of the date hereof, and I have undertaken no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein. Further, this opinion neither implies, not should it be viewed to imply, an approval or recommendation of any investment in any Bonds.

I do not express my opinion as to the effect of any law other than the laws of California and the federal laws of the United States of America on the matters referred to herein.

This opinion is furnished by me solely for your benefit and may not, without my express written consent, be relied upon by any other person.

Very truly yours,

JANIS S. PENTON
Vice President and Senior Counsel

jsp/ppm/03-7639-16190

ORRICK

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August 27, 2003

Richmond Joint Powers Financing Authority
Richmond, California

Re: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and Tax Allocation Revenue Bonds, Series 2003B (Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Richmond Joint Powers Financing Authority, California (the "Authority") of its $16,080,000 aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds") and $12,500,000 aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B Bonds (Taxable) (the "Series 2003B Bonds" and, together with the Series 2003A Bonds, the "Bonds") issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended, and a Trust Agreement, dated as of August 1, 2003 (the "Trust Agreement"), by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"). A Loan Agreement, dated as of August 1, 2003 (the "Loan Agreement"), by and between the Authority and the Richmond Redevelopment Agency (the "Agency") and the Trust Agreement were approved by Resolution No. 03-01 of the Authority adopted on July 22, 2003. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, the Loan Agreement, the Tax Certificate of the Authority and the Agency, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Authority, the Agency, and the Trustee, certificates of the Authority, the Agency, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement, the Loan Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such

documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. 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 Authority and the Agency. 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 Trust Agreement, the Loan 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 Series 2003A Bonds to be included in gross income for federal income tax purposes.

In addition, we call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Loan 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 exercise of powers authorities and redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. 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 valid and binding limited obligations of the Authority.

2. The Trust Agreement has been duly adopted by, and constitutes a valid and binding obligation of the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of 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 upon the terms and conditions set forth in the Trust Agreement.

3. The Loan Agreement has been duly adopted by, and constitute, a valid and binding obligation of, the Authority and the Agency. The Loan Agreement creates valid pledge of the Revenues to secure the obligation to make Loan Payments thereunder, subject to the provisions of such agreements permitting the application thereof for the purposes and upon the terms and conditions set forth therein.

4. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the City of Richmond or the State of California and the City of Richmond and the State of California are not liable for the payment thereof.

5. Interest on the Series 2003A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Series 2003A 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. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Per

ORRICK

ORRICK, HERRINGTON & SUTCLIFFE LLP
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August 27, 2003

RBC Dain Rauscher Inc.
345 California Street, Suite 2800
San Francisco, CA 94104

Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and
Tax Allocation Revenue Bonds, Series 2003B (Taxable)
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as Underwriter, pursuant to Section (7)(d)(2) of the Bond Purchase Agreement, dated August 14, 2003 (the "Purchase Contract"), among you, the Richmond Joint Powers Financing Authority (the "Authority") and the Richmond Redevelopment Agency (the "Agency"), providing for the purchase of $16,080,000 aggregate principal amount of Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds") and of $12,500,000 aggregate principal amount of Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds" and, together with the Series 2003A Bonds, the "Bonds"). The Bonds are being issued pursuant to provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended, and a Trust Agreement, dated as of August 1, 2003 (the "Trust Agreement"), by and between the Authority and Union Bank of California, N.A, as trustee (the "Trustee"). A Loan Agreement, dated as of August 1, 2003 (the "Loan Agreement"), by and between the Authority and the Agency, and the Trust Agreement were approved by Resolution No. 03-01 of the Authority adopted on July 22, 2003. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement or, if not defined in the Trust Agreement, in the Purchase Contract.

We have delivered our final legal opinion (the "Bond Opinion") as bond counsel concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel, we have reviewed the Purchase Contract, the Trust Agreement, the Loan Agreement, and the Tax Certificate of the Authority and the Agency, dated the date hereof (the "Tax Certificate"), certain portions of the Official Statement, dated August 14, 2003, relating to the Bonds (the "Official Statement"), opinions of counsel to the Authority, the Agency, the Trustee, and others, certificates of the Authority, the Agency, the

Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions 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 and conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. 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 Authority. 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 third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Loan Agreement, the Tax Certificate and the Purchase Contract 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 and redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents.

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

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended. No opinion is expressed with respect to the Municipal Bond Insurance Policies.

2. The Purchase Contract has been duly executed and delivered by the Authority and is a valid and binding agreement of the Authority.

3. The statements contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS," "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" and "APPENDIX E – PROPOSED FORM OF BOND COUNSEL FINAL OPINION," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Trust Agreement, the Loan Agreement,

and our Bond Opinion concerning certain federal tax matters relating to the Series 2003A Bonds, are accurate in all material respects.

4. We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 3 above), completeness or fairness of any of the statements contained in the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as bond counsel, in connection with the issuance of the Bonds, we participated in conferences with your representatives, representatives of the Authority, the Agency, the Bond Insurer, their respective counsel, Fraser and Associates, and others, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), subject to the limitations on our role as bond counsel, we advise you as a matter of fact and not opinion that, during the course of our acting as bond counsel on this matter, no facts came to the attention of the attorneys in our firm rendering legal services in connection with such financing which caused us to believe that the Official Statement as of its date (except for any CUSIP numbers, financial, statistical, demographic or economic or engineering data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, any information about feasibility, valuation, appraisals, absorption, real estate or environmental matters, or any information about book-entry, DTC, the Bond Insurer, the Municipal Bond Insurance Policies, the Series 2003A Reserve Surety, the Series 2003B Reserve Surety, and the information contained in Appendices A, C, D, F, G, and H, included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This letter is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this letter. This letter is delivered to you as Underwriter of the Bonds, is solely for your benefit as such Underwriter and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

ORRICK, HERRINGTON & SUTCLIFFE LLP

ORRICK

ORRICK, HERRINGTON & SUTCLIFFE LLP
OLD FEDERAL RESERVE BANK BUILDING
400 SANSOME STREET
SAN FRANCISCO, CA 94111-3143
tel 415-392-1122
fax 415-773-5759
WWW.ORRICK.COM

August 27, 2003

MBIA Insurance Corporation
113 King Street
Armonk, New York 10504

Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt)
Tax Allocation Revenue Bonds, Series 2003B (Taxable)

Ladies and Gentlemen:

In connection with the delivery of the above-referenced bonds (the "Bonds"), we have delivered our final legal opinion concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the issuer of the Bonds.

You may rely on said opinion as though the same were addressed to you; provided, however, that we give no opinion with respect to the tax status of amounts, if any, that may be paid to you (by subrogation or otherwise) with respect to interest paid by you to the bondholders. No attorney-client relationship has existed or exists between the addressee of this letter and our firm in connection with the Bonds or by virtue of this letter.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

ORRICK, HERRINGTON & SUTCLIFFE LLP

DOCSLA1:452679.1

LOAN AGREEMENT

by and among

RICHMOND REDEVELOPMENT AGENCY

and the

CITY OF RICHMOND, CALIFORNIA

August 27, 2003

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of August 27, 2003, by and between the Richmond Redevelopment Agency (the "Agency") and the City of Richmond (the "City");

W I T N E S S E T H:

WHEREAS, the Agency is a duly constituted redevelopment agency under the laws of the State of California and pursuant to such laws has duly proceeded with the redevelopment of its Merged Project Areas (collectively, the "Project Area") within the City; and

WHEREAS, the redevelopment plans for said Project Area provides for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the Health and Safety Code of the State of California and Section 16 of Article XVI of the Constitution of the State of California; and

WHEREAS, the Agency has incurred indebtedness to the City in connection with the redevelopment of the Project Area from time to time in the form of certain loans, promissory notes and reimbursement agreements, which indebtedness is outstanding in an amount of $24,628,020.48 as of the date hereof (the "Prior Obligations"); and

WHEREAS, the Prior Obligations are payable out of taxes levied in such Project Area and allocated to the Agency under subdivision (b) of Section 33670 of the Health and Safety Code of the State of California, or out of any other available funds; and

WHEREAS, on the date hereof the Agency has entered into a Loan Agreement with the Richmond Joint Powers Financing Authority to borrow the proceeds of the Bonds (as defined below) and intends to use a portion of the proceeds thereof to repay a portion of the Prior Obligations;

NOW, THEREFORE, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto, as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Loan Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified

"Agency" means the Richmond Redevelopment Agency, a redevelopment agency and public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

"Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A and Series 2003B.

"City" means the City of Richmond, California, a charter law city and municipal corporation duly organized and existing under and by virtue of its charter and the Constitution of the State of California.

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Reimbursement Agreement to the Law, reference is made to the law as in force on the date of the execution of this Loan Agreement, unless the context otherwise requires.

"Prior Obligations" means any and all loans, promissory notes, reimbursement agreements or other repayment obligations by the Agency to the City entered into or issued prior to the date hereof, except (i) that certain Amended Loan Agreement, dated July 29, 1985, by and between the City and the Agency concerning Urban Development Action Grant funds and (ii) obligations for annual administrative costs allocated to the Agency for City staffing or other overhead.

"Project Area" means the Merged Redevelopment Project of the Agency.

"Tax Increment Revenues" means all taxes allocated to, and paid into a special fund of the Agency for the Project Area pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Project Area, including all payments and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations.

Section 2. Amount of Prior Obligations. The Agency and the City hereby agree that the total outstanding amount of the Prior Obligations, as of the date hereof is $24,628,020.48. The Prior Obligations in this amount represent sums advanced by the City to the Agency and the costs of certain capital projects paid for by the City which the Agency has agreed to reimburse because the projects assisted the Agency in accomplishing the redevelopment of the Project Area, plus accrued interest thereon at the rate or rates previously agreed to by the Agency and the City in connection with the Prior Obligations.

Section 3. Loan Repayment; Interest Rate. The amount of the Prior Obligations shall constitute a loan from the City to the Agency to be repaid in accordance with this Loan Agreement. The Agency and the City agree that the outstanding loan balance will accrue interest, compounded annually, at the rate of 4.5% per annum until the balance of the loan is fully repaid. The Agency agrees that it will repay the loan as follows:

(a) On the date hereof, the Agency will pay the City the sum of $18,000,000 from the proceeds of the Bonds. Of this amount, $13,000,000 will represent proceeds of the Series 2003A Bonds and $5,000,000 will represent proceeds of the Series 2003B Bonds. Because the

Series 2003A Bonds are tax-exempt Bonds, the City agrees to comply with the requirements of the Tax Certificate, dated the date hereof, executed by the City, the Agency and the Authority in connection with the Series 2003A Bonds with respect to the investment and expenditure of the proceeds of the Series 2003A Bonds. Upon the payment provided for in this subsection (a), the remaining outstanding balance of the loan will be $6,628,020.48.

(b) On each May 1 commencing May 1, 2005, the Agency agrees to pay installments to the City equal to the least of $3,000,000 or such lesser amount as the City may establish by resolution of the City Council, until the loan balance and all accrued interest thereon is fully repaid.

(c) The Agency may repay the loan from Tax Increment Revenues or from any other legally available source of funds. This loan agreement shall not constitute a lien on or pledge of any Tax Increment Revenues and the payment of amounts under this Loan Agreement shall in all events be subordinate to any bonds, notes or other indebtedness to any third parties heretofore or hereafter issued or entered into by the Agency.

Section 4. Amendments. This Loan Agreement may be amended from time to time by the parties hereto for any purpose by an instrument in writing signed by a duly authorized representative of the Agency and the City.

Section 4. Prior Obligations Superseded. The City and the Agency hereby agree that this Loan Agreement shall supersede the Prior Obligations in their entirety, and that, upon the execution and delivery hereof by the City and the Agency, the Prior Obligations shall no longer have any force or effect. The City agrees to return to the Agency any executed promissory notes or other evidence of the Prior Obligations marked "cancelled"; provided, that the failure on the part of the City to do so shall in no way affect the validity of this Loan Agreement or the extinguishment of the Prior Obligations as provided herein.

Section 5. Entire Agreement. This Loan Agreement constitutes the entire agreement between the Agency and the City concerning the matters described herein and supercedes any and all other agreements, contracts, covenants, resolutions or other arrangements with respect to the subject matter hereof.

IN WITNESS HEREOF, the parties hereto have executed this Loan Agreement as of the day and year first above written.

CITY OF RICHMOND

By: _____
Acting City Manager

RICHMOND DEVELOPMENT AGENCY

By: _____
Redevelopment Director

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

RECEIPT OF THE CITY

The undersigned, as Assistant City Manager of the City of Richmond (the "City"), hereby certifies on behalf of the City that on the date hereof the City did receive from Union Bank of California, N.A. the amount of $18,000,000 (being an amount of $13,000,000 from the proceeds of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and $5,000,000 from the proceeds of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003B (Taxable), representing the partial repayment of the Prior Obligations, pursuant to the Loan Agreement, dated August 1, 2003, by and between the Redevelopment Agency of the City of Richmond and the Richmond Joint Powers Financing Authority.

All capitalized terms not otherwise defined therein shall have the meanings ascribed to them in the Loan Agreement.

Dated: August 27, 2003

CITY OF RICHMOND

Jay Corey
Assistant City Manager

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

Richmond Joint Powers Financing Authority
[Name of Issuer]

December 5, 1995
[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Richmond Joint Powers Financing Authority
(Issuer)

By: _____
(Authorized Officer's Signature)

Leonard Whorton
Treasurer/Auditor
2600 Barrett Avenue
Richmond, CA 94804
(510) 620-6740

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____

SCHEDULE A

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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, but Beneficial Owners are 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 Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. 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 Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

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

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

ENDORSED
FILED
in the office of the Secretary of State
of the State of California

AUG 0 6 2003

KEVIN SHELLEY, Secretary of State

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

In accordance with the Uniform Facsimile Signatures of Public Officials Act (Govt. Code §5500 et seq.), I HEREBY CERTIFY under oath my manual signature.

Manual Signature

Name of Officer: Jay Corey

Title of Office: Treasurer/Auditor
Richmond Joint Powers Financing Authority, County of Contra Costa, State of California

Subscribed and sworn to
before me this 4th
day of August, 2003.

Notary Public, State of California

TERRI A. SIMON
Commission # 1327657
Notary Public - California
Contra Costa County
My Comm. Expires Oct 30, 2005

[SEAL]

DOCSLA1:452572.1
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ENDORSED
FILED
In the office of the Secretary of State
of the State of California

NOV 07 2000

BILL JONES, Secretary of State

STATE OF CALIFORNIA)
) ss
COUNTY OF CONTRA COSTA)

In accordance with the Uniform Facsimile Signatures of Public Officials Act (Govt. Code §5500 et seq.), I HEREBY CERTIFY under oath my manual signature.

Manual Signature Diane Holmes
Diane Holmes

Title of Office: Secretary, Richmond Joint Powers Financing Authority, County of Contra Costa, State of California

Subscribed and sworn to before me this 31st day of November, 2000.

Delores Shepherd Murray
Notary Public, State of California [SEAL]

DELORES SHEPHERD MURRAY
Commission #1268048
Notary Public - California
Contra Costa County
My Comm. Expires Jul 17, 2004

DOCSSF1:489158.1

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

FISCAL CONSULTANT CERTIFICATE

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting representative of Fraser & Associates, Roseville, California, the fiscal consultant (the "Fiscal Consultant") to the Richmond Redevelopment Agency (the "Agency") in connection with the issuance by the Richmond Joint Powers Financing Authority of the above-captioned bonds (the "Bonds"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the Fiscal Consultant; and

(ii) that the assessed valuation, tax increment, appeal information, and other fiscal information provided by us and contained in the Official Statement relating to the Bonds, including our Report attached thereto as Appendix G, and the statements contained in the sections of the Official Statement entitled "THE AGENCY", "THE PROJECT AREA", AND "PROJECTED DEBT SERVICE COVERAGE" that are attributed to Fraser & Associates are presented fairly and accurately and we consent to the use of our Report in the Official Statement.

Dated: August 27, 2003

FRASER & ASSOCIATES,
as Fiscal Consultant

By _____

Printed on Recycled Paper

Community & Economic Development Department
Redevelopment Agency

City of Richmond

August 13, 2003

Mr. Raynor Tsuneyoshi, Director
Department of Boating and Waterways
2000 Evergreen Street, Suite 100
Sacramento, CA 95815-3888

Re: Agreement No. 99-102-324

Ladies and Gentlemen:

The City of Richmond ("Borrower"), the Richmond Redevelopment Agency ("Guarantor") and yourselves have entered into a Standard Agreement No. 99-102-324 executed on April 13, 2001 (the "Standard Agreement") and in conjunction therewith, have also entered into a Security Agreement to provide for additional security for the Standard Agreement (the "Security Agreement"). Pursuant to Section 6.2 of the Security Agreement, prior to issuing any Agency Bonds, the Guarantor is required in certify that the Net Available Tax Revenues (as defined in the Security Agreement), based on the most recent equalized assessment roll of the County of Contra Costa, and assuming issuance of the Agency Bonds, are at least equal to 1.25 times the Maximum Annual Loan Payment (which is defined in the Security Agreement to be $350,000). As shown in the attached report of Fraser & Associates, the Guarantor's Fiscal Consultant, the Guarantor hereby so certifies.

Very truly yours

Steve Duran
Community & Economic Development Director

SD/AW/sls

Cc: Coverage Requirement for the DBAW Agreement

1401 Marina Way South, P.O. Box 4046, Richmond, California 94804
Telephone: (510) 307-8140 Fax: (510) 307-8149 http://www.ci.richmond.ca.us

$16,080,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003A (TAX-EXEMPT)

$12,500,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2003B (TAXABLE)

CLOSING MEMORANDUM

The following memorandum will summarize the procedures to be followed in completing the issuance, sale and delivery of $16,080,000 aggregate principal amount of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) (the "Series 2003A Bonds") and $12,500,000 aggregate principal amount of the Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2003B (Taxable) (the "Series 2003B Bonds").

Time and Place

The pre-closing will be held in the offices of Orrick, Herrington & Sutcliffe LLP, Old Federal Reserve Bank Building, 400 Sansome Street, 2nd Floor Boardroom, San Francisco, California, at 1:00 p.m., California time, on Tuesday, August 26, 2003. The Closing will be by telephone conference among the Underwriter, Bond Insurer, Trustee, DTC and Bond Counsel at 8:00 a.m., California time, on Wednesday, August 27, 2003.

Parties

The following parties are expected to be present or represented at the pre-closing conference or at the Closing:

Richmond Joint Powers Financing Authority (the "Authority")

Richmond Redevelopment Agency (the "Agency")

City of Richmond (the "City")

Wayne Nishioka, Esq. ("Authority's Counsel" and "Agency's Counsel")

Union Bank of California, N.A. (the "Trustee")

RBC Dain Rauscher Inc. (the "Underwriter")

Fraser & Associates Inc. (the "Fiscal Consultant")

MBIA Insurance Corporation (the "Bond Insurer")

Orrick, Herrington & Sutcliffe LLP ("Bond Counsel" and "Disclosure Counsel")

PART I

DOCUMENTS TO BE DELIVERED PRIOR TO CLOSING

The parties indicated above will deliver eight (8) copies each of the respective documents indicated below. The documents will be executed, as appropriate, in advance of the Closing by the respective parties thereto. If appropriate, the documents will be certified as true and correct copies of the originals. All documents are dated August 27, 2003 unless otherwise noted. All such deliveries will be deemed to have been made in escrow until the final delivery at the Closing has been made.

Responsibility for preparing, assembling or delivering the documents is indicated in parentheticals.

BASIC LEGAL DOCUMENTS

1. Resolution No. 03-01, entitled "A Resolution of the Richmond Joint Powers Financing Authority Authorizing the Issuance, Sale and Delivery of its Tax Allocation Revenue Bonds, Series 2003A (Tax-Exempt) and its Tax Allocation Revenue Bonds, Series 2003B (Taxable), and Approving the Forms and Substance of a Trust Agreement, an Official Statement, a Bond Purchase Agreement and a Loan Agreement and Authorizing the Execution and Delivery Thereof and Authorizing Certain Other Actions in connection with the Issuance, Sale and Delivery of Such Bonds," adopted by the Richmond Joint Powers Financing Authority (the "Authority") on July 22, 2003, certified by the Deputy Secretary of the Authority. ***(Authority)***

2. Resolution No. 03-24, entitled "A Resolution of the Agency Board of the Richmond Redevelopment Agency Approving a Loan Agreement with the Richmond Joint Powers Financing Authority and Approving a Continuing Disclosure Agreement," adopted by the Richmond Redevelopment Agency (the "Agency") on July 22, 2003, certified by the Deputy Secretary of the Agency. ***(Agency)***

3. Resolution No. 98-03, entitled "A Resolution of the City Council of the City of Richmond Authorizing the Richmond Redevelopment Agency to enter into a Loan Agreement with the Richmond Joint Powers Financing Authority," adopted by the City of Richmond (the "City") on July 22, 2003, certified by the Deputy City Clerk. ***(City)***

4. Trust Agreement, dated as of August 1, 2003, between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"). ***(Bond Counsel)***

5. Loan Agreement, dated as of August 1, 2003, between the Agency and the Authority. ***(Bond Counsel)***

DOCUMENTS RELATING TO THE SALE OF THE BONDS

6. Report of Proposed Debt Issuance to California Debt Advisory Commission (Series 2003A and Series 2003B). ***(Bond Counsel)***

7. Preliminary Official Statement, dated August 1, 2003. ***(Disclosure Counsel)***

8. 15c2-12 Certificate. ***(Disclosure Counsel)***

9. Bond Purchase Agreement, dated August 14, 2003, among the Authority, the Agency and the Underwriter. ***(Bond Counsel)***

10. Official Statement dated August 14, 2003. ***(Disclosure Counsel)***

11. Continuing Disclosure Agreement of the Agency. ***(Bond Counsel)***

12. Report of Final Sale to California Debt and Investment Advisory Commission (Series 2003A and Series 2003B). ***(Bond Counsel)***

DOCUMENTS RELATING TO THE AUTHORITY AND THE AGENCY

13. Incumbency Certificate of the Governing Board of the Authority and the Agency Board of the Agency. ***(Bond Counsel)***

14. Signature and No-Litigation Certificate of the Authority. ***(Bond Counsel)***

15. Certificate Regarding Joint Exercise of Powers Agreement. ***(Bond Counsel)***

16. Initial Notice as to Joint Powers Agreement, stamped to reflect the filing with the California Secretary of State. ***(Bond Counsel)***

17. Statement of Facts Roster Filing, certified by the California Secretary of State and by the County Clerk. ***(Bond Counsel)***

18. Certificate of the Authority pursuant to Section 7(d)(7) of the Bond Purchase Agreement. ***(Bond Counsel)***

19. Tax Certificate for the Series 2003A Bonds, including Exhibit A, Certificate of the Underwriter, and Exhibit B, Certificate of the Bond Insurer. ***(Bond Counsel)***

20. IRS Form 8038-G (Series 2003A). ***(Bond Counsel)***

21. Written Request of the Authority to the Trustee. ***(Bond Counsel)***

22. Requisition No. 1. ***(Bond Counsel)***

23. Certificate of the Agency pursuant to Section 7(d)(6) of the Bond Purchase Agreement. ***(Bond Counsel)***

24. Certificate of the Agency Regarding Issuance of Parity Obligations. ***(Bond Counsel)***

25. Acknowledgment of Continuing Disclosure Obligations. ***(Bond Counsel)***

DOCUMENTS RELATING TO THE TRUSTEE

26. Incumbency Certificate and General Resolution of Trustee. ***(Trustee)***

27. Certificate of the Trustee. ***(Bond Counsel)***

28. Authentication Certificate of the Trustee. ***(Bond Counsel)***

29. Trustee's Certificate of Deposit and Receipt. ***(Bond Counsel)***

DOCUMENTS RELATING TO THE UNDERWRITER

30. Receipt for Bonds. ***(Bond Counsel)***

31. Specimen of the Series 2003A Bonds. ***(Bond Counsel)***

32. Specimen of the Series 2003B Bonds. ***(Bond Counsel)***

33. Underlying Rating Letter of Standard & Poor's Ratings Services. *(Underwriter)*

DOCUMENTS RELATING TO THE BOND INSURER

34. Debt Service Reserve Surety Bond No. 42209(2) relating to the Series 2003A Bonds. ***(Bond Insurer)***

35. Debt Service Reserve Surety Bond No. 42210(2) relating to the Series 2003B Bonds. ***(Bond Insurer)***

36. Financial Guaranty Agreement, dated as of August 27, 2003, by and between the Authority and the Bond Insurer, providing for the issuance of the Series 2003A Reserve Surety. ***(Bond Insurer)***

37. Financial Guaranty Agreement, dated as of August 27, 2003, by and between the Authority and the Bond Insurer, providing for the issuance of the Series 2003B Reserve Surety. ***(Bond Insurer)***

38. Financial Guaranty Insurance Policy No. 42009(1) relating to the Series 2003A Bonds. ***(Bond Insurer)***

39. Financial Guaranty Insurance Policy No. 42210(1) relating to the Series 2003B Bonds. ***(Bond Insurer)***

40. Rating letter from Standard & Poor's Ratings Services and Fitch, Inc. ***(Bond Insurer)***

41. Certificate of Insurer regarding the Official Statement. ***(Bond Insurer)***

LEGAL OPINIONS

42. Opinion of Bond Insurer's Counsel. ***(Bond Insurer)***

43. Opinion of Authority's Counsel. ***(Authority's Counsel)***

44. Opinion of Agency's Counsel. ***(Agency's Counsel)***

45. Opinion of Trustee's Counsel. ***(Trustee's Counsel)***

46. Final Opinion of Bond Counsel. ***(Bond Counsel)***

47. Supplemental Opinion of Bond Counsel. ***(Bond Counsel)***

48. Reliance Letter to Bond Insurer. ***(Bond Counsel)***

MISCELLANEOUS

49. Loan Agreement, dated August 27, 2003, by and between the Agency and the City. ***(Bond Counsel)***

50. Receipt of the City. ***(Bond Counsel)***

51. DTC Blanket Letter of Representations. ***(Bond Counsel)***

52. Uniform Facsimile Signature Certificates of the Treasurer/Auditor and Secretary of the Authority, as filed with the California Secretary of State. ***(Bond Counsel)***

53. Certificate of Fiscal Consultant. ***(Bond Counsel)***

54. Notice to the Department of Boating and Waterways. *(Agency)*

55. Closing Memorandum. ***(Bond Counsel)***

56. Interested Parties List. ***(Bond Counsel)***

PART II

BOND CLOSING

The following will take place at the time of the Closing:

1. The Underwriter shall wire transfer immediately available funds (i) to MBIA Insurance Corporation (a) the total insurance premium for the Series 2003A Bonds and the Series 2003B Bonds in the amount of $524,000 (such premiums being $284,000 and $240,000, respectively), and (b) the total premium with respect to the Series 2003A Reserve Surety and the Series 2003B Reserve Surety in the amount of $53,000 (such premiums being $30,000 and $23,000, respectively), and (ii) to the Trustee the aggregate amount of $27,780,910.85 computed as follows:

	Series 2003A Bonds	Series 2003B Bonds	Total
Principal Amount	$16,080,000.00	$12,500,000.00	$28,580,000.00
Original Issue Premium (Original Issue Discount)	49,420.85	0.00	49,420.85
Underwriter's Discount	(152,760.00)	(118,750.00)	(271,510.00)
Insurance Premium wired to the Bond Insurer	(284,000.00)	(240,000.00)	(524,000.00)
Surety Bond Premium wired to the Bond Insurer	(30,000.00)	(23,000.00)	(53,000.00)
Purchase Price wired to the Trustee	$15,662,660.85	$12,118,250.00	$27,780,910.85

We understand that the respective wire instructions have been provided by the Bond Insurer and the Trustee to the Underwriter.

2. The Bond Insurer will release the insurance policies and the surety bonds to the Trustee.

3. The Trustee shall apply the bond proceeds received from the Underwriter as directed in the Written Request of the Authority.

4. The Trustee will release the Series 2003A Bonds in the aggregate principal amount of $16,080,000 and the Series 2003B Bonds in the aggregate principal amount of $12,500,000 to DTC by F.A.S.T. closing.

5. A transcript of the closing documents will be distributed by Bond Counsel to the closing parties after Closing.

CITY OF RICHMOND
RICHMOND PUBLIC FINANCE AUTHORITY
RICHMOND REDEVELOPMENT AGENCY
REVENUE REFUNDING BONDS, SERIES 2003

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(As of August 1, 2003)

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