$15,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2004A (TAXABLE)

$2,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BONDS, SERIES 2004B (TAX-EXEMPT)

TRANSCRIPT INDEX

1. Resolution No. 04-02, a Resolution of the Richmond Joint Powers Financing Authority Amending Resolution No. 04-01 Authorizing The Issuance, Sale And Delivery of its Tax Allocation Revenue Bonds, Series 2004A (Taxable) and its Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt), and approving the Forms and Substance of a Trust Agreement, an Official Statement, a Bond Purchase Contract, and Two Loan Agreements, and Authorizing the Execution and Delivery Thereof and Authorizing certain other Actions in Connection with the Issuance, Sale and Delivery of such Bonds, adopted on September 28, 2004.

2. Resolution No. 04-43, a Resolution of the Agency Board of the Richmond Redevelopment Agency Amending Resolution No. 04-27 Approving Loan Agreements with the Richmond Joint Powers Financing Authority and Approving a Continuing Disclosure Agreement, adopted on September 28, 2004.

3. Resolution No. 135-04, a Resolution of the City Council of the City of Richmond Amending Resolution No. 105-04 Authorizing the Richmond Redevelopment Agency to Enter into Loan Agreements with the Richmond Joint Powers Financing Authority, adopted on September 28, 2004.

4. Certificate Regarding Joint Exercise of Powers Agreement, and Exhibit A, Joint Exercise of Powers Agreement between the City of Richmond and the Richmond Redevelopment Agency dated December 1, 1989, Exhibit B, List of Members of the Authority, and Exhibit C, Notice to Secretary of State.

5. Trust Agreement between the Richmond Joint Powers Financing Authority and the Trustee, dated as of October 1, 2004.

6. Non-Housing Loan Agreement by and between the Agency and the Authority, dated as of October 1, 2004.

7. Housing Loan Agreement by and between the Agency and the Authority, dated as of October 1, 2004.

8. Bond Purchase Contract among the Authority, the Agency and the Underwriter dated October 15, 2004.

9. Preliminary Official Statement dated October 7, 2004.

10. 15c2-12 Certificate.

11. Official Statement dated October 15, 2004.

12. DTC Blanket Letter of Representations.

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. Continuing Disclosure Agreement.

16. Acknowledgment of Continuing Disclosure Obligations.

17. Certificate of the Agency pursuant to Section 7(d)(6) of the Bond Purchase Contract.

18. Authentication Certificate of the Trustee, together with Incumbency Certificate and General Resolution.

19. Incumbency Certificate and General Resolution of Trustee.

20. Certificate of the Authority pursuant to Section 7(d)(7) of the Bond Purchase Contract.

21. Certificate of the Trustee.

22. Tax Certificate for the Series 2004B Bonds, including Exhibit A, Certificate of the Underwriter, Exhibit B, Certificate of the Placed Bond Purchaser and Exhibit C, Certificate of the Bond Insurer.

23. Written Request of the Authority to the Trustee.

24. Trustee's Certificate of Deposit and Receipt.

25. Certificate of Fiscal Consultant.

26. Receipt for Underwritten Bonds.

27. Receipt for Placed Bonds.

28. Requisition No. 1.

29. Specimen of the Series 2004A Bonds.

30. Specimen of the Series 2004B Bonds.

31. Financial Guaranty Insurance Policy.

32. Certificate of Insurer Re Official Statement.

33. Rating letters from Standard & Poor's Corporation and Fitch, Inc.

34. Report of Proposed Debt Issuance to California Debt Advisory Commission (Series 2004A and Series 2004B).

35. Report of Final Sale to California Debt Advisory Commission (Series 2004A and Series 2004B).

36. IRS Form 8038-G (Series 2004B Bonds).

37. Agency Receipt for Funds and Certificate of Deposit.

38. City of Richmond Receipt for Funds.

39. Opinion of Bond Insurer's Counsel.

40. Opinion of Authority's Counsel.

41. Opinion of Agency's Counsel.

42. Opinion of Trustee's Counsel.

43. Final Opinion of Bond Counsel.

44. Supplemental Opinion of Bond Counsel.

45. Reliance Letter to Bond Insurer.

46. Reliance Letter to Fannie Mae.

47. Closing Memorandum.

48. Interested Parties List.

CERTIFICATE OF THE SECRETARY OF THE
RICHMOND JOINT POWERS FINANCING AUTHORITY

I, Diane Holmes, Secretary of the Richmond Joint Powers Financing Authority (the "Authority"), hereby certify that the foregoing are full, true and correct copies of Resolution No. 04-02, a Resolution of the Richmond Joint Powers Financing Authority Amending Resolution No. 04-01 Authorizing The Issuance, Sale And Delivery of its Tax Allocation Revenue Bonds, Series 2004A (Taxable) and its Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt), and approving the Forms and Substance of a Trust Agreement, an Official Statement, a Bond Purchase Contract, and Two Loan Agreements, and Authorizing the Execution and Delivery Thereof and Authorizing certain other Actions in Connection with the Issuance, Sale and Delivery of such Bonds, adopted on September 28, 2004.

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 28th day of October, 2004.

Diane Holmes
Secretary of the Richmond
Joint Powers Financing Authority

RESOLUTION NO. 04-02

A RESOLUTION OF THE RICHMOND JOINT POWERS FINANCING AUTHORITY AMENDING RESOLUTION NO. 1-04 AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF ITS TAX ALLOCATION REVENUE BONDS, SERIES 2004A (TAXABLE) AND ITS HOUSING SET-ASIDE TAX ALLOCATION REVENUE BONDS, SERIES 2004B (TAX-EXEMPT), AND APPROVING THE FORMS AND SUBSTANCE OF A TRUST AGREEMENT, AN OFFICIAL STATEMENT, A BOND PURCHASE CONTRACT, AND TWO LOAN AGREEMENTS, 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 the Agency and, on July 20, 2004, this Governing Board of the Authority adopted its Resolution No. 1-04 (the "Prior Resolution") authorizing a loan from the Authority to the Agency to finance redevelopment activities within the Agency's 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 Agency under the terms and conditions of which the Agency would be obligated to 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, as a result of feedback from rating agencies and upon the advice of Agency consultants, Agency staff has proposed to revise the structure of the financing to enter into two separate loan agreements (the "Loan Agreements") and to repay two loans (the "Loans") from tax increment revenues generated from the Agency's entire merged project areas;

WHEREAS, the Authority has determined to authorized the issuance of its Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) in the principal amount of not to exceed $15,000,000 (the "Series A Bonds") and its Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) in the principal amount of not to exceed $2,000,000 (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 Agreements 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 October 1, 2004, 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 full and final payment of that certain promissory note, dated as of October 1, 2004, 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 Contract, 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) the Loan Agreements, under the terms of which the Agency shall repay the loans;

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 that Resolution No. 1-04 adopted on July 20, 2004, is amended and restated 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 fifteen million dollars ($15,000,000), provided, however, that (a) the true interest cost shall not exceed 7%, and (b) the maximum term of any maturity shall not extend beyond the year 20__.

Section 3. Pursuant to the Law, the Series B Bonds shall be issued in the aggregate principal amount of not to exceed two million dollars ($2,000,000), provided, however, that (a) the true interest cost shall not exceed 6%, and (b) the maximum term of any maturity shall not extend beyond the year 20__.

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 Contract 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 Contract 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; provided that the Treasurer/Auditor is hereby authorized to have the Bonds placed or purchased by purchasers other than the underwriter designated therein.

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 Agreements are 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 Agreements 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 28th day of September, 2004, by the following vote:

AYES:	Members/Councilmembers Butt, Belcher, Bates, Penn, Bell, Viramontes, and Chairperson/Mayor Anderson.
NOES:	None.
ABSTENTION:	None.
ABSENT:	Vice Chairperson/Vice Mayor Griffin and Member/Councilmember Rogers

DIANE HOLMES
Clerk of the Joint Powers Financing Authority
(Seal)

Approved:

Certified as a True Copy
CLERK OF THE CITY OF RICHMOND, CA

IRMA L. ANDERSON
President of the Joint Powers Financing Authority

Approved as to form:

EVERETT JENKINS, Interim
Authority Counsel

CLERK'S CERTIFICATE

I, Diane Holmes, Clerk 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 28th day of September, of which meeting all of such members had due notice, as follows:

AYES:	Members/Councilmembers Butt, Belcher, Bates, Penn, Bell, Viramontes, and Chairperson/Mayor Anderson.
NOES:	None.
ABSTENTION:	None.
ABSENT:	Vice Chairperson/Vice Mayor Griffin and Member/Councilmember Rogers

An agenda of said meeting was posted at least 72 hours before said meeting at 1401 Marina Way South, 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: September 28, 2004.

Diane Holmes

Clerk of the Richmond Joint Powers Financing Authority

CERTIFICATE OF THE CLERK OF THE
RICHMOND REDEVELOPMENT AGENCY

I, Diane Holmes, Clerk of the Richmond Redevelopment Agency (the "Agency"), hereby certify that the foregoing is a full, true and correct copy of Resolution 04-43, a Resolution of the Agency Board of the Richmond Redevelopment Agency Amending Resolution No. 04-27 Approving Loan Agreements with the Richmond Joint Powers Financing Authority and Approving a Continuing Disclosure Agreement, adopted on September 28, 2004.

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 28th day of October, 2004.

Diane Holmes
Clerk of the Richmond
Redevelopment Agency

RESOLUTION NO. 04-43

A RESOLUTION OF THE AGENCY BOARD OF THE RICHMOND REDEVELOPMENT AGENCY AMENDING RESOLUTION NO. 04-27 APPROVING LOAN AGREEMENTS 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, on July 20, 2004, pursuant to Resolution No. 04-27 (the "Prior Resolution"), this Agency Board found and determined that there were significant public benefits to authorize a loan from the Richmond Joint Powers Financing Authority (the "Authority") to finance redevelopment activities within the merged redevelopment project areas;

WHEREAS, for the purpose of repaying such loan, the Agency proposed to enter into a loan agreement with the Authority, under the terms and conditions of which the Agency would be obligated to 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, as a result of feedback from rating agencies and upon the advice of Agency consultants, Agency staff has proposed to revise the structure of the financing to enter into two separate loan agreements and to repay the loans from tax increment revenues generated from the Agency's entire merged project areas;

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

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 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 financing, 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 20, 2004 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, 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 Agreements 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 2004A (Taxable) in the principal amount of not to exceed $15,000,000 (the "Series A

Bonds") and its Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) in the principal amount of not to exceed $2,000,000 (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, evidence of the public benefits to the Agency from the proposed financing has been 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 that Resolution No. 04-27 adopted on July 20, 2004, is amended and restated 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 therefrom 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 Agreements in substantially the form as they are presented to this Board are hereby approved. The Executive 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 Agreements 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 Executive 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 Executive 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 September 28, 2004, by the following vote:

AYES:	Members Bates, Belcher, Bell, Butt, Penn, Rogers, Viramontes.
NOES:	None.
ABSTENTIONS:	None.
ABSENT:	Councilmember Griffin.

DIANE HOLMES
Clerk of the Redevelopment Agency
(Seal)

Approved:

Certified as a True Copy
Diane Holmes
Clerk of the Richmond
Redevelopment Agency

IRMA L. ANDERSON
Chairperson

Approved as to form:

EVERETT JENKINS, Interim
Agency Counsel

CERTIFICATE OF THE AGENCY CLERK

I, Diane Homes, Clerk of the Richmond Redevelopment Agency, hereby certify that the foregoing Resolution No. 04-43 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 September 28, 2004, 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 1401 Marina Way South, 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: September 28, 2004

Clerk of the Redevelopment Agency

CERTIFICATE OF THE CITY CLERK OF THE CITY OF RICHMOND

I, Diane Holmes, City Clerk of the City of Richmond, hereby certify that the foregoing is a full, true and correct copy of Resolution No. 135-04, a Resolution of the City Council of the City of Richmond Amending Resolution No. 105-04 Authorizing the Richmond Redevelopment Agency to enter into Loan Agreements with the Richmond Joint Powers Financing Authority, adopted on September 28, 2004.

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 28th day of October, 2004.

Diane Holmes
City Clerk of the City of Richmond

RESOLUTION NO. 135-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND AMENDING RESOLUTION NO. 105-04 AUTHORIZING THE RICHMOND REDEVELOPMENT AGENCY TO ENTER INTO LOAN AGREEMENTS 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, on July 20, 2004, the City Council of the City of Richmond adopted its Resolution No. 105-04 (the "Prior Resolution") authorizing the Agency to enter into a loan agreement with the Richmond Joint Powers Financing Authority (the "Authority") to finance redevelopment activities within certain of its project areas which have a time limit for incurring indebtedness after January 1, 2004;

WHEREAS, as a result of feedback from rating agencies and upon the advice of Agency consultants, Agency staff has proposed to revise the structure of the financing to enter into two separate loan agreements and to repay the loan from tax increment revenues generated from the Agency's entire merged project areas;

WHEREAS, the City Council finds and determines that there will be significant public benefits for the Agency to obtain one or more loans from the Authority in an amount not to exceed $17,000,000 (the "Loans") to finance redevelopment activities within the merged redevelopment project areas;

WHEREAS, for the purpose of repaying the Loans, the Agency has proposed to enter into two Loan Agreements with the Authority, dated as of October 1, 2004 (the "Loan Agreements"), under the terms and conditions of which the Agency shall repay the Loans from tax increment revenues generated from the Agency's merged project areas;

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

WHEREAS, the City Council has determined to amend and restate the Prior Resolution as provided herein;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richmond that Resolution No. 105-04 adopted on July 20, 2004, is amended and restated 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 Agreements with the Richmond Joint Powers Financing Authority for the repayment of the Loans.

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 September 28, 2004, by the following vote:

AYES:	Councilmembers Bates, Belcher, Bell, Butt, Penn, Rogers, Viramontes, and Mayor Anderson.
NOES:	None.
ABSTENTIONS:	None.
ABSENT:	Member Griffin.

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

Approved:

Certified as a True Copy
CLERK OF THE CITY OF RICHMOND, CA

IRMA L. ANDERSON
Mayor

Approved as to form:

EVERETT JENKINS, Interim
City Attorney

CERTIFICATE OF THE CITY CLERK

I, Diane Holmes, City Clerk of the City of Richmond, hereby certify that the foregoing Resolution No. 135-04 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 September 28, 2004, 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 1401 Marina Way South, 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: September 28, 2004

Diane Holmes

City Clerk of the City of Richmond

CERTIFICATE REGARDING
JOINT EXERCISE OF POWERS AGREEMENT

The undersigned hereby states and certifies that:

(1) He is the duly appointed, qualified and acting Treasurer/Auditor of the Richmond Joint Powers Financing Authority (the "Authority"), a joint exercise of powers authority duly organized and operating pursuant to Article 1 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code (the "Act"), and pursuant to an agreement which became effective December 1, 1989 (the "Agreement"), by and between the Members of the Authority, and as such, is familiar with the facts herein certified and is authorized to certify the same.

(2) Attached hereto as Exhibit A and by this reference incorporated herein, is a true copy of the form of the Joint Exercise of Powers Agreement of the Authority and such agreement has not been amended, rescinded or modified.

(3) Attached hereto as Exhibit B and by this reference incorporated herein, is a complete and correct list of the Members of the Authority as of the date hereof.

(4) Attached hereto as Exhibit C and by this reference incorporated herein is an Initial Notice to the Secretary of State as to a Joint Powers Agreement, duly filed with the California Secretary of State on March 15, 1990.

Dated: October 28, 2004

RICHMOND JOINT POWERS FINANCING AUTHORITY

Patrick Samsell
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
19th 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

Signature

Vivian O'Neal, Authority Counsel
Typed Name and Title

EXECUTION COPY

TRUST AGREEMENT

between the

RICHMOND JOINT POWERS FINANCING AUTHORITY

and

UNION BANK OF CALIFORNIA, N.A.,

as Trustee

Dated as of October 1, 2004

relating to

$15,000,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds
Series 2004A (Taxable)

and

$2,000,000
Richmond Joint Powers Financing Authority
Housing Set-Aside Tax Allocation Revenue Bonds
Series 2004B (Tax-Exempt)

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 12
SECTION 2.01. Authorization and Purpose of Bonds 12
SECTION 2.02. Terms of the Bonds 13
SECTION 2.03. Redemption of Bonds. 14
SECTION 2.04. Form of Bonds. 18
SECTION 2.05. Execution of Bonds. 18
SECTION 2.06. Transfer and Payment of Bonds. 19
SECTION 2.07. Exchange of Bonds. 19
SECTION 2.08. Bond Registration Books. 19
SECTION 2.09. Mutilated, Destroyed, Stolen or Lost Bonds. 19
SECTION 2.10. Temporary Bonds. 20
SECTION 2.11. Procedure for the Issuance of Bonds. 20
SECTION 2.12. Validity of Bonds 21
SECTION 2.13. Special Covenants as to Book-Entry Only System for Bonds. 22
SECTION 2.14. Payments under the Financial Guaranty Insurance Policy. 23
ARTICLE III NO ADDITIONAL BONDS 25
SECTION 3.01. No Additional Bonds 25
ARTICLE IV REVENUES 25
SECTION 4.01. Pledge of Revenues. 25
SECTION 4.02. Receipt and Deposit of Series 2004A Revenues and Series 2004B Revenues in the Series 2004A Revenue Fund and Series 2004B Revenue Fund 26
SECTION 4.03. Establishment and Maintenance of Accounts for Use of Money in the Series 2004A Revenue Fund. 26
SECTION 4.04. Establishment and Maintenance of Accounts for Use of Money in the Series 2004B Revenue Fund. 28
SECTION 4.05. Reserve Surety Policies and Letters of Credit 29
SECTION 4.06. Deposit and Investments of Money in Accounts and Funds. 30

ARTICLE V COVENANTS OF THE AUTHORITY; ASSIGNMENT TO TRUSTEE 31
SECTION 5.01. Punctual Payment and Performance. 31
SECTION 5.02. Against Encumbrances. 31
SECTION 5.03. Tax Covenants. 31
SECTION 5.04. Accounting Records and Reports. 32
SECTION 5.05. Prosecution and Defense of Suits. 32
SECTION 5.06. Further Assurances. 32
SECTION 5.07. Assignment to Trustee; Enforcement of Obligations. 33
ARTICLE VI THE TRUSTEE 33
SECTION 6.01. The Trustee. 33
SECTION 6.02. Liability of Trustee. 34
SECTION 6.03. Compensation and Indemnification of Trustee 36
ARTICLE VII AMENDMENT OF THE TRUST AGREEMENT 36
SECTION 7.01. Amendment of the Trust Agreement. 36
SECTION 7.02. Disqualified Bonds. 37
SECTION 7.03. Endorsement or Replacement of Bonds After Amendment. 37
SECTION 7.04. Amendment by Mutual Consent. 37
SECTION 7.05. Bond Insurer Notice and Consent 37
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. 39
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 41
SECTION 9.01. Discharge of Bonds. 41
SECTION 9.02. Unclaimed Money. 42
SECTION 9.03. Payment by Bond Insurer 42
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. 43
SECTION 10.04. Execution of Documents by Holders. 43
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. 45
SECTION 10.12. Partial Invalidity. 46
SECTION 10.13. Execution in Several Counterparts. 46
SECTION 10.14. Amendments to Loan Agreements. 46
SECTION 10.15. Notice to Bond Insurer 46
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 October 1, 2004 (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 Agreements (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 Agreements to assist in financing certain public capital improvements for the Agency; and

WHEREAS, the Authority is empowered pursuant to the Loan Agreements 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 2004A (Taxable) in an aggregate principal amount of fifteen million dollars ($15,000,000) (the "Series 2004A Bonds") and its Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) in an aggregate principal amount of two million dollars ($2,000,000) (the "Series 2004B Bonds") (the "Series 2004B Bonds," and, together with the Series 2004A 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 XL Capital Assurance Inc. (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 2004A Bonds, Series 2004B Bonds, Term Bonds

The term "Bonds" means the Series 2004A Bonds and the Series 2004B 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 2004A Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) issued pursuant to Section 2.02(a) hereof.

The term "Series 2004B Bonds" means the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) 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 XL Capital Insurance Inc., as issuer of the Financial Guaranty Insurance Policy.

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 Agreements, 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 the Department of Treasury of 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 Insurance Policy

The term "Financial Guaranty Insurance Policy" means the Financial Guaranty Insurance Policy, issued by the Bond Insurer insuring the payment when due of the interest on and principal of the Bonds as provided herein.

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.

Housing Loan Agreement

The term "Housing Loan Agreement" means the Loan Agreement (Housing) providing for the loan to the Agency of a portion of the proceeds of the Series 2004A Bonds and all of the proceeds of the Series 2004B Bonds, dated as of October 1, 2004, by and between the Agency and the Authority.

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 March 1 and September 1 of each year to which reference is made, commencing on March 1, 2005.

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 Agreements

The term "Loan Agreements" means the Housing Loan Agreement and the Non-Housing Loan Agreement.

Loan Payments

The term "Loan Payments" means the Series 2004A Non-Housing Loan Payments, the Series 2004A Housing Loan Payments and the Series 2004B Loan Payments under the Loan Agreements, other than the Additional Payments thereunder.

Non-Housing Loan Agreement

The term "Non-Housing Loan Agreement" means the Loan Agreement (Non-Housing) providing for the loan to the Agency of a portion of the proceeds of the Series 2004A Bonds, dated as of October 1, 2004, by and between the Agency and the Authority.

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 the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and

CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(3) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any 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. Government National Mortgage Association (GNMA)
h. Federal Housing Administration Debentures (FHA)

(4) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America; provided that stripped securities are only permitted if they have been stripped by the agency itself:

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) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2 including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services.

(6) 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.

(7) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

(8) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements acceptable to the Bond Insurer.

(9) Commercial paper which is rated at the time of purchase, "Prime –1" by Moody's and "A-1" or better by S&P.

(10) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such rating agencies.

(11) Federal funds or bankers acceptances with a maximum term of one year of any bank, including the Trustee and its affiliates, which has an unsecured, uninsured and unguaranteed obligation rating of "Prime –1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(12) Repurchase agreements meeting the requirements of the Bond Insurer.

(13) 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.

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 City Obligations

"Prior City 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 $6,367,031.40 as of October 28, 2004.

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 Series 2004A Revenues and Series 2004B Revenues.

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 2004A Housing Project Account

The term "Series 2004A Housing Project Account" means the account by that name established and maintained by the Trustee pursuant to Section 2.11(g).

Series 2004A Non-Housing Project Account

The term "Series 2004A Non-Housing Project Account" means the account by that name established and maintained by the Trustee pursuant to Section 2.11(f).

Series 2004B Project Account

The term "Series 2004B Project Account" means the account by that name established and maintained by the Trustee pursuant to Section 2.11(h).

Series 2004A Reserve Account Requirement

The term "Series 2004A Reserve Account Requirement" means an amount equal to $1,499,728.55, as such amount may be reduced pursuant to Section 4.03(c).

Series 2004B Reserve Account Requirement

The term "Series 2004B Reserve Account Requirement" means an amount equal to $199,963.81, as such amount may be reduced pursuant to Section 4.04(c).

Series 2004A Revenues

The term "Series 2004A Revenues" means (i) the Series 2004A Non-Housing Loan Payments received by the Trustee pursuant to the Non-Housing Loan Agreement (but not Additional Payments), plus (ii) the Series 2004A Housing Loan Payments received by the Trustee pursuant to the Housing Loan Agreement (but not Additional Payments), plus (iii) all interest or other income from any investment, pursuant to Section 4.06, of any money in the Series 2004A Revenue Fund or any account therein.

Series 2004B Revenues

The term "Series 2004B Revenues" means Series 2004B Loan Payments received by the Trustee pursuant to the Housing 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 2004B Revenue Fund or any account therein.

Series 2004A Revenue Fund

The term "Series 2004A 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.

Series 2004B Revenue Fund

The term "Series 2004B 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 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.

Trust Agreement

The term "Trust Agreement" means this Trust Agreement, dated as of October 1, 2004, 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 Bonds.

(a) The Series 2004A Bonds shall be designated "Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable)" and shall be in the aggregate principal amount of fifteen million dollars ($15,000,000). The Series 2004A Bonds shall be dated October 28, 2004, 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 Series 2004A 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
2005	$ 260,000	2.450%
2006	150,000	2.950
2007	150,000	3.250
2008	155,000	3.550
2009	160,000	3.850
2010	165,000	4.100
2011	175,000	4.350
2012	185,000	4.550
2013	190,000	4.700
2014	200,000	4.750
2015	210,000	4.850
2020	4,275,000	5.090
2026	8,725,000	5.440

(b) The Series 2004B Bonds shall be designated "Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)" and shall be in the aggregate principal amount of two million dollars ($2,000,000). The Series 2004B Bonds shall be dated October 28, 2004, 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 Series 2004B 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
2005	$75,000	2.000%
2006	65,000	2.000
2007	65,000	2.250
2008	70,000	2.500
2009	70,000	2.750
2010	70,000	3.000
2011	75,000	3.250
2012	75,000	3.500
2013	80,000	3.750
2014	80,000	3.750
2015	85,000	3.750
2019	370,000	4.000
2026	820,000	4.625

(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, 2005, and semiannually thereafter on March 1 and September 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 their dated date ; 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.

(i) The Series 2004A Bonds shall not be subject to optional redemption.

(ii) The Series 2004B Bonds maturing on or after September 1, 2015, 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 Series 2004B Loan Payments made at the option of the Agency pursuant to the terms of the Housing Loan Agreement or from any other source of funds, at the option of the Authority, on any date on or after September 1, 2014 at a redemption price equal to the principal amount of Series 2004B 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 2004A Term Bonds maturing on September 1, 2020 shall be subject to mandatory sinking fund redemption prior to maturity, in part on September 1 of each year on and after September 1, 2016, 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 2004A Term Bonds of September 1, 2020

Date (September 1)	Mandatory Sinking Account Payment
2016	$ 220,000
2017	230,000
2018	240,000
2019	3,005,000
2020	580,000

(ii) Series 2004A Term Bonds maturing on September 1, 2026, shall be subject to mandatory sinking fund redemption prior to maturity, in part on September 1 of each year on and after September 1, 2021, 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 2004A Term Bonds of September 1, 2026

Date (September 1)	Mandatory Sinking Account Payment
2021	$ 615,000
2022	740,000
2023	690,000
2024	710,000
2025	750,000
2026	5,220,000

(iii) Series 2004B Term Bonds maturing on September 1, 2019 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, 2016, 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 2004B Term Bonds of September 1, 2019

Date (September 1)	Mandatory Sinking Account Payment
2016	$ 85,000
2017	90,000
2018	95,000
2019	100,000

(iv) Series 2004B Term Bonds maturing on September 1, 2026 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, 2020 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 2004B Term Bonds of September 1, 2026

Date (September 1)	Mandatory Sinking Account Payment
2020	$100,000
2021	105,000
2022	110,000
2023	115,000
2024	125,000
2025	130,000
2026	135,000

(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 2004A Principal Account or the Series 2004B 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 Principal Account of the applicable 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 premium in sum of $170,647.93 wired directly to the Bond Insurer with respect to the Financial Guaranty Insurance Policy for the Bonds), 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 2004A Reserve Account within the Series 2004A Revenue Fund established pursuant to Section 4.03(c) the sum of $1,499,728.55, which equals the Series 2004A Reserve Account Requirement.

(b) The Trustee shall deposit in the Series 2004B Reserve Account within the Series 2004B Revenue Fund established pursuant to Section 4.04(c) the sum of $199,963.81, which equals the Series 2004B Reserve Account Requirement.

(c) The Trustee shall deposit the amount of $193,000.00 to pay the Costs of Issuance for the Bonds (representing the total of Costs of Issuance for the Series 2004A Bonds in the amount of $170,294.12 and the Costs of Issuance for the Series 2004B Bonds in the amount of $22,705.88) 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, 2005. All money in the Costs of Issuance Fund shall be used and withdrawn by the Trustee 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, 2005, or upon the earlier Written Request of the Authority, any remaining balance in the Costs of Issuance Fund shall be transferred to the Agency.

(d) The Trustee shall deposit the sum of $2,289,431.62 in the Series 2004A Non-Housing Project Account, which account is hereby created and which fund the Trustee agrees to maintain. All money in the Series 2004A Non-Housing Project Account shall be used and withdrawn by the Agency as provided in the Non-Housing 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 2004A Non-Housing Project Account.

(e) The Trustee shall deposit the sum of $4,330,455.99 in the Series 2004A Housing Project Account, which account is hereby created and which fund the Trustee agrees to maintain. All money in the Series 2004A Housing Project Account shall be used and withdrawn by the Agency for deposit in the Housing Fund (as defined in the Housing 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 amount to be withdrawn for deposit in the Housing Fund, the purpose for which the obligation was incurred and that such payment is a proper charge against the Series 2004A Housing Project Account.

(f) The Trustee shall deposit the sum of $1,734,164.25 in the Series 2004B Project Account, which account is hereby created and which fund the Trustee agrees to maintain. All money in the Series 2004B Project Account shall be used and withdrawn by the Agency for deposit in the Housing Fund (as defined in the Housing 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 amount to be withdrawn for deposit in the Housing Fund, the purpose for which the obligation was incurred and that such payment is a proper charge against the Series 2004B Project Account.

(g) The Trustee shall transfer the amount of $6,367,031.40 from the proceeds of the Series 2004A Bonds to the City of Richmond in full and final payment of the Prior City Obligations.

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 Financial Guaranty Insurance Policy.

(a) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date"), there is not on deposit with the Authority under the Trust Agreement, after making all transfers and deposits required under the Trust Agreement moneys sufficient to pay the principal of, and interest on, Bonds due on such Payment Date, the Trustee shall give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent"), by telephone or telecopy, of the amount of such deficiency by 10:00 a.m., New York City time, on such Business Day. If, on the Business Day prior to the related Payment Date, there is not on deposit with the Trustee moneys sufficient to pay the principal of, and interest on, the Bonds due on such Payment Date, the Trustee shall make a claim under the Financial Guaranty Insurance Policy and give notice to the Bond Insurer and

Bond Insurer's Fiscal Agent (if any) by telephone of the amount of any deficiency in the amount available to pay principal and interest, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 10:00 a.m., New York City time, on such Business Day, by delivering the Notice of Nonpayment and Certificate.

(b) For the purposes of the preceding paragraph, "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Trustee to the Bond Insurer, which notice shall specify (a) the name of the entity making the claim, (b) the policy number, (c) the claimed amount and (d) the date such claimed amount will become Due for Payment. "Nonpayment" means the failure of the Authority to have provided sufficient funds to the Trustee for payment in full of all principal of, and interest on, the Bond Insurer's Bonds that are Due for Payment. "Due for Payment", when referring to the principal of Bonds, means when the stated maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments, acceleration or other advancement of maturity, unless the Bond Insurer shall elect, in its sole discretion, to pay such principal due upon such acceleration; and when referring to interest on Bonds, means when the stated date for payment of interest has been reached. "Certificate" means a certificate in form and substance satisfactory to the Bond Insurer as to the Trustee's right to receive payment under the Financial Guaranty Insurance Policy.

(c) The Trustee shall designate any portion of payment of principal on Bonds paid by the Bond Insurer at maturity on its books as a reduction in the principal amount of Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise and shall issue a replacement Bond to the Bond Insurer, registered in the name of the Bond Insurer, as the case may be, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Authority on any Bond or the subrogation rights of the Bond Insurer.

(d) The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (as hereinafter defined) and the allocation of such funds to payment of interest on and principal paid with respect to any Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(e) Upon payment of a claim under the Financial Guaranty Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Holders of Bonds referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Financial Guaranty Insurance Policy in trust on behalf of Holders of Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Holders of Bonds in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It

shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

(f) Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any cots, expenses or liabilities of the Trustee.

(g) Any funds remaining in the Policy Payments Account following a Bond Payment Date shall promptly be remitted to the Bond Insurer.

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 Agreements; provided that nothing herein shall prevent the Authority or the Agency from issuing or otherwise incurring additional obligations as permitted by the Loan Agreements.

ARTICLE IV

REVENUES

SECTION 4.01. Pledge of Revenues. (a) Series 2004A Revenues. All Series 2004A Revenues and any other amounts (including proceeds of the sale of the Series 2004A Bonds) held by the Trustee in the Series 2004A Revenue Fund are hereby irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Series 2004A Bonds as provided herein, and the Series 2004A Revenues shall not be used for any other purpose while any of the Series 2004A Bonds remain Outstanding; provided, however, that out of the Series 2004A 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 Series 2004A Revenues and all other moneys on deposit in the Series 2004A Revenue Fund for the payment of the interest on and principal of the Series 2004A 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 Agency Agreements; 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.

(b) Series 2004B Revenues. All Series 2004B Revenues and any other amounts (including proceeds of the sale of the Series 2004B Bonds) held by the Trustee in the Series 2004B Revenue Fund are hereby irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Series 2004B Bonds as provided herein, and the Series 2004B Revenues shall not be used for any other purpose while any of the Series 2004B Bonds remain Outstanding; provided, however, that out of the Series 2004B 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 Series 2004B Revenues and all other moneys on deposit in the Series 2004B Revenue Fund for the payment of the interest on

and principal of the Series 2004B 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 Agency Agreements; 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 Series 2004A Revenues and Series 2004B Revenues in the Series 2004A Revenue Fund and Series 2004B 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 Series 2004A Revenues when and as received shall be received by the Authority in trust hereunder for the benefit of the Holders of the Series 2004A Bonds and shall be transferred when and as received by the Authority to the Trustee for deposit in the Series 2004A Revenue Fund (the "Series 2004A 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 Series 2004B Revenues when and as received shall be received by the Authority in trust hereunder for the benefit of the Holders of the Series 2004B Bonds and shall be transferred when and as received by the Authority to the Trustee for deposit in the Series 2004B Revenue Fund (the "Series 2004B 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.

(c) All Series 2004A Revenues shall be accounted for through and held in trust in the Series 2004A Revenue Fund, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided.

(d) All Series 2004B Revenues shall be accounted for through and held in trust in the Series 2004B Revenue Fund, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided.

(e) All Series 2004A Revenues and Series 2004B 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 2004A Revenue Fund. Subject to Section 5.03, all money in the Series 2004A Revenue Fund shall be set aside by the Trustee in the following special accounts or funds within the Series 2004A 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 2004A Interest Account,

(b) Series 2004A Principal Account, and

(c) Series 2004A 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.

(a) Series 2004A Interest Account. On each Interest Payment Date, commencing on March 1, 2005, the Trustee shall set aside from the Series 2004A Revenue Fund and deposit in the Series 2004A Interest Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the amount of interest becoming due and payable on all Outstanding Series 2004A Bonds on such Interest Payment Date.

No deposit need be made in the Series 2004A 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 2004A Bonds on such Interest Payment Date.

All money in the Series 2004A Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2004A Bonds as it shall become due and payable (including accrued interest on any Series 2004A Bonds purchased or redeemed prior to maturity).

(b) Series 2004A Principal Account. On each September 1, commencing September 1, 2005 the Trustee shall set aside from the Series 2004A Revenue Fund and deposit in the Series 2004A Principal Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the principal amount (including the payment of principal with respect to any mandatory redemption) of all Outstanding Series 2004A Bonds, maturing on such September 1.

No deposit need be made in the Series 2004A Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2004A Bonds maturing or subject to mandatory redemption by their terms on such September 1.

All money in the Series 2004A Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2004A Bonds as they shall become due and payable, whether at maturity or redemption.

(c) Series 2004A Reserve Account. All money in the Series 2004A Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series 2004A Interest Account or the Series 2004A 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 on or principal of the Series 2004A Bonds or for the retirement of all the Series 2004A Bonds then Outstanding, except that so long as the Authority is not in default hereunder, any cash amounts in the Series 2004A Reserve Account in excess of the Series 2004A Reserve Account Requirement shall be withdrawn from the Series 2004A Reserve Account and deposited in the Series 2004A Interest Account, on each March 1 and September 1. For purposes of determining the amount on deposit in the Series 2004A Reserve Account, the Trustee shall value on the last Business Day of each February and August those amounts invested in Permitted Investments at the market value thereof.

SECTION 4.04. Establishment and Maintenance of Accounts for Use of Money in the Series 2004B Revenue Fund. Subject to Section 5.03, all money in the Series 2004B Revenue Fund shall be set aside by the Trustee in the following special accounts or funds within the Series 2004B 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 2004B Interest Account,

(b) Series 2004B Principal Account, and

(c) Series 2004B 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 2004B 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 2004B Revenue Fund and remit any balance therein to the Authority.

(a) Series 2004B Interest Account. On each Interest Payment Date, commencing on March 1, 2005, the Trustee shall set aside from the Series 2004B Revenue Fund and deposit in the Series 2004B Interest Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the amount of interest becoming due and payable on all Outstanding Series 2004B Bonds on such Interest Payment Date.

No deposit need be made in the Series 2004B 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 2004B Bonds on such Interest Payment Date.

All money in the Series 2004B Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2004B Bonds as it shall become due and payable (including accrued interest on any Series 2004B Bonds purchased or redeemed prior to maturity).

(b) Series 2004B Principal Account. On each September 1, commencing September 1, 2005 the Trustee shall set aside from the Series 2004B Revenue Fund and deposit in the Series 2004B Principal Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the principal amount (including the payment of principal with respect to any mandatory redemption) of all Outstanding Series 2004B Bonds, maturing on such September 1.

No deposit need be made in the Series 2004B Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2004B Bonds maturing or subject to mandatory redemption by their terms on such September 1.

All money in the Series 2004B Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2004B Bonds as they shall become due and payable, whether at maturity or redemption.

(c) Series 2004B Reserve Account. All money in the Series 2004B Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series 2004B Interest Account or the Series 2004B 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 on or principal of the Series 2004B Bonds or for the retirement of all the Series 2004B Bonds then Outstanding, except that so long as the Authority is not in default hereunder, any cash amounts in the Series 2004B Reserve Account in excess of the Series 2004B Reserve Account Requirement shall be withdrawn from the Series 2004B Reserve Account and deposited in the Series 2004B Interest Account, on each March 1 and September 1. For purposes of determining the amount on deposit in the Series 2004B Reserve Account, the Trustee shall value on the last Business Day of each February and August those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2004B Bonds pursuant to Section 2.03(a), the Series 2004B Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2004B Bonds after such redemption.

SECTION 4.05. Reserve Surety Policies and Letters of Credit. The Authority may satisfy the Series 2004A Reserve Account Requirement or the Series 2004B Reserve Account Requirement at any time by the deposit with the Trustee for the credit of the Series 2004A Reserve Account or the Series 2004B 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 2004A Reserve Account or the Series 2004B Reserve Account to meet the Series 2004A Reserve Account Requirement or the Series 2004B 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 2004A Reserve Account or the Series 2004B 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 2004A Reserve Account or the Series 2004B Reserve Account, as the case may be, an amount equal to the Series 2004A Reserve Account Requirement or the Series 2004B Reserve Account Requirement, respectively.

(b) Letter of Credit. A letter of credit may be deposited in the Series 2004A Reserve Account or the Series 2004B Reserve Account to meet the Series 2004A Reserve Account Requirement or the Series 2004B 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 any lawful purpose of the Agency; provided, that with respect to the Series 2004B 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 2004B 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 each 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 2004A Reserve Account and the Series 2004B 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 Insurance Policy are paid in full, any amount in the Series 2004A Reserve Account in excess of the Series 2004A Reserve Account Requirement shall be withdrawn from the Series 2004A Reserve Account by the Trustee and such amount shall be deposited in the Series 2004A 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 Insurance Policy are paid in full, any amount in the Series 2004B Reserve Account in excess of the Series 2004B Reserve Account Requirement shall be withdrawn from the Series 2004B Reserve Account by the Trustee and such amount shall be deposited in the Series 2004B 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 (5) of the definition of Permitted Investments. The Trustee shall not be liable for any loss for any investment made in accordance with this section 4.07.

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 2004B 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 2004B 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 2004B 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 Agreements, except, prior to any Event of Default hereunder or under the Loan Agreements, (i) the Authority's rights to receive any notices under this Trust Agreement or the Loan Agreements, (ii) the Authority's right to receive payments, if any, with respect to fees, expenses and indemnification and certain other purposes under the Loan Agreements and (iii) the Authority's rights to give approvals or consents pursuant to the Loan Agreements, 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 Agreements 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 Agreements.

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 Agreements 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 Series 2004A Bonds (for amendments which only affect the Series 2004A Bonds) or the Series 2004B Bonds (for amendments which affect only the Series 2004B Bonds) or all Bonds (for amendments which affect all 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. The Bond Insurer's prior written consent is required for all amendments or supplements to this Trust Agreement and the

Bond Insurer shall be entitled to consent on behalf of the Holders of all Bonds so long as the Financial Guaranty Insurance Policy is in effect. Copies of any amendments or supplements to this Trust Agreement which are consented to by the Bond Insurer shall be sent to Standard & Poor's. 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 XL Capital Assurance Inc., 1221 Avenue of the Americas, New York, New York 10020-1001, Attention: Surveillance.

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 Agreements.

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.

(a) *Series 2004A Bonds.* All moneys in the accounts and funds for the Series 2004A Bonds provided in Sections 2.11, 4.02, 4.04 and 4.05 upon the date of the declaration of acceleration by the Trustee as provided in Section 8.01 and all Series 2004A Revenues 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 of the Series 2004A Bonds 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 Series 2004A 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 Series 2004A 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 Series 2004A Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Series 2004A 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.

(b) *Series 2004B Bonds.* All moneys in the accounts and funds for the Series 2004B Bonds 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 Series 2004B Revenues (other than Series 2004B 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 of the Series 2004B Bonds 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 Series 2004B 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 Series 2004B 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 Series 2004B Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Series 2004B 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.

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 either of the Loan Agreements 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 Financial Guaranty 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
1401 Marina Way South
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:

XL Capital Assurance Inc.,
1221 Avenue of the Americas
New York, New York 10020-1001
ATTN: 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 Agreements. The Authority shall not supplement, amend, modify or terminate any of the terms of the Loan Agreements, 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 Agreements, 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 Agreements to secure the Loan Payments (except as expressly provided in the Loan Agreements), 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. Without limiting the generality of the foregoing, the Trustee shall give the Bond Insurer prompt notice of any withdrawal from the Series 2004A Reserve Account or the Series 2004B Reserve Account, as the case may be, any valuation of the Series 2004A Reserve Account or the Series 2004B Reserve Account, as the case may be, which demonstrates that the value of the investments in such fund is less than the Series 2004A Reserve Account Requirement or the Series 2004B 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 Agreements. 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 Bonds absent a default by Bond Insurer under the Financial Guaranty 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, acting alone, 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 institute any suit, action, or proceeding at law or in equity under the same terms as a Holder, (ii) the right to accelerate the principal of the Bonds as described in this Trust Agreement, and (iii) 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
[HOUSING SET-ASIDE] TAX ALLOCATION REVENUE BOND
[SERIES 2004A (TAXABLE)]/
[SERIES 2004B (TAX EXEMPT)]

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, _____	October __, 2004	

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 Series [2004A/2004B] 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 August 15, 2005 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 September 1, 2005 and semiannually thereafter on each March 1 and

September 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 "[Housing Set-Aside] Tax Allocation Revenue Bonds, [Series 2004A (Taxable)/Series 2004B (Tax-Exempt)]" (the "Bonds") in aggregate principal amount of _____ dollars ($_____) 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 October 1, 2004, 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. 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 Agreements, dated as of October 1, 2004 (the "Loan Agreements"), 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 of Richmond 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 Agreements. 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 Agreements 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

[TO COME]

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.

EXECUTION COPY

LOAN AGREEMENT
(NON-HOUSING)

by and between the

RICHMOND REDEVELOPMENT AGENCY

and the

RICHMOND JOINT POWERS FINANCING AUTHORITY

Dated as of October 1, 2004

relating to

Richmond Joint Powers Financing Authority

Tax Allocation Revenue Bonds Series 2004A (Taxable)

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS 1

SECTION 1.01. Definitions 1

SECTION 1.02. Rules of Construction 7

ARTICLE II LOAN TERMS; DISBURSEMENT; PARITY DEBT 7

SECTION 2.01. Authorization 7

SECTION 2.02. Series 2004A Non-Housing Loan Payments 8

SECTION 2.03. Prepayment and Reduction in Loan Funds 8

SECTION 2.04. Deposit of Loan Funds 8

SECTION 2.05. Prohibition on Issuance of Senior Debt; Issuance of Parity Debt 9

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 12

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

SECTION 3.02. Special Fund; Deposits 13

SECTION 3.03. Commingling of Accounts 13

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE AGENCY 13

SECTION 4.01. Organization; Authority 13

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

SECTION 4.03. No Conflict in Execution of Agreement 13

SECTION 4.04. No Litigation 14

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

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 15

TABLE OF CONTENTS
(continued)

Page

SECTION 4.11. Establishment of Project Area 15
ARTICLE V AFFIRMATIVE COVENANTS OF THE AGENCY 15
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 5.07. Taxation of Leased Property 16
SECTION 5.08. Assumption of Loan Agreement 16
SECTION 5.10. Further Assurances 16
SECTION 5.11. Continuing Disclosure 16
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 17
SECTION 6.01. Limitation on Additional Debt 17
SECTION 6.02. Disposition of Property 17
SECTION 6.03. Nondiscrimination 18
SECTION 6.04. Amendment of Redevelopment Plan 18
ARTICLE VII EVENTS OF DEFAULT AND REMEDIES 18
SECTION 7.01. Events of Default and Acceleration of Loan 18
SECTION 7.02. Remedies 20
SECTION 7.03. Application of Funds upon Default 20
SECTION 7.04. No Waiver 21
SECTION 7.05. Remedies Not Exclusive 21
ARTICLE VIII MISCELLANEOUS 21
SECTION 8.01. Venue 21
SECTION 8.02. Assignment 21
SECTION 8.03. Benefits Limited to Parties 21

TABLE OF CONTENTS
(continued)

Page

SECTION 8.04.	Successor	22
SECTION 8.05.	Discharge of Loan Agreement	22
SECTION 8.06.	Amendment	22
SECTION 8.07.	Waiver of Personal Liability	22
SECTION 8.08.	Payment on Business Days	23
SECTION 8.09.	Notices	23
SECTION 8.10.	Partial Invalidity	23
SECTION 8.11.	Governing Law	23
SECTION 8.12.	Indemnification	23
SECTION 8.13.	Bond Insurer as Third Party Beneficiary	24
SECTION 8.14.	Effective Date	24

LOAN AGREEMENT
(Non-Housing)

THIS LOAN AGREEMENT, made and entered into as of October 1, 2004, 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 its merged project areas ; and

WHEREAS, a portion of the proceeds of this Loan Agreement will be applied by the Agency to repay the amount of $6,367,031.40 of those certain loans, promissory notes and reimbursement agreements (the "Prior City Obligations") evidencing indebtedness the Agency has incurred to the City of Richmond (the "City") in connection with the redevelopment of the Project Area from time to time, which amount is in full and final payment of the Prior City 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.

"Available 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.

"Authority" means the Richmond Joint Powers Financing Authority.

"Bond Insurer" means XL Capital Insurance Inc., as issuer of the Financial Guaranty Insurance Policy.

"Bonds" means the Series 2004A Bonds.

"City" means the City of Richmond, California.

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

"Combined Annual Debt Service" means, as of the date of calculation, the total Debt Service plus Senior Merged Area Debt Service payable in each 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.

"County" means Contra Costa County.

"Debt Service" means, for any Fiscal Year, the sum of (A) the Series 2004A Non-Housing 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.

"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.

"Housing Fund" means the Agency's Low- and Moderate-Income Housing Fund established and maintained for the purpose of increasing the supply of low- and moderate-income housing pursuant to the Law.

"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, 2005.

"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.

"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.

"Non-Housing Share" means a fraction, the numerator of which is sum of (i) the amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations and the denominator of which is the sum of (i) amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account and the Series 2004A Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations, all as provided in the Trust Agreement. The Authority and the Agency agree that the Non-Housing Share, expressed as a percentage, is 66%.

"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 any 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).

"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;

(d) the Senior Harbour Debt Service; and

(e) the Senior Merged Area Debt Service

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

"Prior City 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 $6,367,031.40 as of October 28, 2004.

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

Downtown 10A Project Area, initially established May 23, 1966; as amended from time to time.

Eastshore 1A Project Area, initially established August 26, 1957; as amended from time to time.

Galvin 3A Project Area, initially established February 28, 1955, as amended from time to time.

Harbor Gate 6A Project Area, initially established November 8, 1954; as amended from time to time.

Harbour 11A Project Area, initially established June 9, 1975, as amended from time to time.

Hensley 8A Project Area, initially established May 29, 1960; as amended from time to time.

Nevin 10B Project Area, initially established September 18, 1972; as amended from time to time.

North Richmond 12A Project Area, initially established September 18, 1972, as amended from time to time.

Potrero 1C Project Area, initially established April 4, 1960, as amended from time to time.

"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.).

"Senior Merged Area Debt Service" means all of the payments required to be made pursuant to the Senior Merged Area Obligations.

"Senior Merged Area Obligations" means the 2003 Loan Agreement and the Pre-2004 Loan Agreement.

"Series 2004A Bonds" means the Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2004A (Taxable) issued by the Authority pursuant to the Trust Agreement.

"Series 2004A Non-Housing Loan Payments" means the payments required to be paid hereunder pursuant to Section 2.02(a)(i).

"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 October 1, 2004, by and between the Authority and the Trustee, pursuant to which the Bonds are issued.

"2003 Loan Agreement" means that certain loan agreement entitled "Loan Agreement" by and between the Agency and the Authority, dated as of August 1, 2003.

"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 $10,000,000.00 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. Series 2004A Non-Housing Loan Payments.

(a) The Agency agrees to repay the Loan as follows:

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 product of (i) the Non-Housing Share, times (ii) the principal of (including mandatory redemption payments) and interest on the Series 2004A Bonds on such Interest Payment Date (the "Series 2004A Non-Housing Loan Payment"). The Series 2004A Non-Housing Loan Payments shall be payable from all Pledged Tax Revenues. In the event that the Pledged Tax Revenues are insufficient to pay all Series 2004A Non-Housing Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Series 2004A Non-Housing Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004A Non-Housing Loan Payments and Parity Debt Service.

(b) All Series 2004A Non-Housing 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 Series 2004A Non-Housing Loan Payments shall not be subject to optional prepayment.

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 Series 2004A Bonds the amount of $6,367,031.40 shall be transferred to the City in full repayment of the Prior City Obligations pursuant to the Loan Agreement, dated August 27, 2003, as amended, and

(b) From the proceeds of the Series 2004A Bonds, the amount of $2,289,431.62 shall be deposited in the Series 2004A Non-Housing Project Account, which account the Trustee shall establish and maintain. Amounts in the Series 2004A Non-Housing 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.

(c) The remaining amount of the Loan shall be applied to the payment of premiums to the Bond Insurer, the underwriter's discount and 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. Prohibition on Issuance of Senior Debt; Issuance of Parity Debt. So long as any portion of the Loan remains unpaid hereunder or any portion of the Series 2004A Bonds remains Outstanding, the Agency covenants that it will not issue any debt or other obligation payable on parity with either (i) the obligations under the Senior Harbour Indenture or (ii) the Senior Merged Area Obligations. 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 Available Tax Revenues to be received by the Agency in the then current Fiscal Year and in each future Fiscal Year, based upon the most recent qualified assessment roll of the County, but taking into account the reductions in Available Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to sub-areas of the Project Area, shall be in an amount equal to at least one hundred forty percent (140%) of Combined Annual Debt Service.

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

(1) The Available 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.

(2) For purposes of calculating Combined 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 Available Tax Revenues for the then current Fiscal Year and each future Fiscal Year will be at least equal to one hundred forty percent (140%) of Combined 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); and

(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 Series 2004A Non-Housing 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 Series 2004A Non-Housing 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 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 which lien shall be subordinate only to the obligations under the Senior Harbour Indenture and the Senior Merged Area Obligations. 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 City, 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 City. 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 City 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. [Reserved]

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:

(a) 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;

(b) 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

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

SECTION 5.09. [Reserved]

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. 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 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.

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
1401 Marina Way South
Richmond, CA 94804

If to the Agency: Treasurer
Richmond Redevelopment Agency
City of Richmond
1401 Marina Way South
Richmond, CA 94804

If to the Bond Insurer: XL Capital Insurance Inc.
1221 Avenue of the Americas
New York, NY 10020-1001
Attention: Surveillance

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, including the Trust Agreement; (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: _____
Executive Director

RICHMOND JOINT POWERS FINANCING AUTHORITY

By: _____
Treasurer/Auditor

EXECUTION COPY

LOAN AGREEMENT
(HOUSING)

by and between the

RICHMOND REDEVELOPMENT AGENCY

and the

RICHMOND JOINT POWERS FINANCING AUTHORITY

Dated as of October 1, 2004

relating to

Richmond Joint Powers Financing Authority

Housing Set-Aside Tax Allocation Revenue Bonds Series 2004A (Taxable) and

Housing Set-Aside Tax Allocation Revenue Bonds Series 2004B (Tax-Exempt)

TABLE OF CONTENTS

		Page
ARTICLE I	DEFINITIONS	1
SECTION 1.01.	Definitions	1
SECTION 1.02.	Rules of Construction	7
ARTICLE II	LOAN TERMS; DISBURSEMENT; PARITY DEBT	7
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.	Prohibition on Issuance of Senior Debt; Issuance of Parity Debt	9
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 HOUSING SET ASIDE TAX REVENUES; APPLICATION OF FUNDS	12
SECTION 3.01.	Pledge of Pledged Housing Set Aside Tax Revenues and Housing Fund	12
SECTION 3.02.	Housing Fund; Deposits	13
SECTION 3.03.	Commingling of Accounts	13
ARTICLE IV	REPRESENTATIONS AND WARRANTIES OF THE AGENCY	13
SECTION 4.01.	Organization; Authority	13
SECTION 4.02.	Agreement Valid and Binding; Approval by Legislative Body of City	13
SECTION 4.03.	No Conflict in Execution of Agreement	13
SECTION 4.04.	No Litigation	14
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
SECTION 4.08.	Information Submitted to the Authority	14
SECTION 4.09.	Financial Statements of the Agency	14

TABLE OF CONTENTS
(continued)

Page

SECTION 4.10. Pledge and First Lien 15
SECTION 4.11. Establishment of Project Area 15
ARTICLE V AFFIRMATIVE COVENANTS OF THE AGENCY 15
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 16
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 18
SECTION 6.01. Limitation on Additional Debt 18
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 19
SECTION 7.01. Events of Default and Acceleration of Loan 19
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 22

TABLE OF CONTENTS
(continued)

Page

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	24
SECTION 8.14.	Effective Date	25

LOAN AGREEMENT
(Housing)

THIS LOAN AGREEMENT, made and entered into as of October 1, 2004, 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 its merged project areas; and

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.

"Available Housing Set-Aside Tax Revenues" means, for each Fiscal Year during the term hereof, an amount of not less than 20% of 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).

"Bond Insurer" means XL Capital Insurance Inc., as issuer of the Financial Guaranty Insurance Policy.

"Bonds" means the Series 2004A Bonds and the Series 2004B Bonds.

"City" means the City of Richmond, California.

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

"Combined Annual Debt Service" means, as of the date of calculation, the total Debt Service plus Senior Housing Debt Service payable in each 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.

"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.

"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.

"Housing Fund" means the Agency's Low- and Moderate-Income Housing Fund established and maintained for the purpose of increasing the supply of low- and moderate-income housing pursuant to the Law.

"Housing Share" means a fraction, the numerator of which is the amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Housing Project Account and the denominator of which is the sum of (i) amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account and the Series 2004A Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations, all as provided in the Trust Agreement. The Authority and the Agency agree that the Housing Share, expressed as a percentage, is 34%.

"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, 2005.

"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 Series 2004A Housing Loan Payments and the Series 2004B Loan Payments due and payable hereunder.

"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 any 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 Housing Set Aside 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).

"Pledged Housing Set Aside Tax Revenues" means, for each Fiscal Year during the term hereof, an amount of not less than 20% of 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, received pursuant to Section 16111 of the Government Code; and

(b) the Senior Merged Area Housing Debt Service.

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

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

Downtown 10A Project Area, initially established May 23, 1966; as amended from time to time.

Eastshore 1A Project Area, initially established August 26, 1957; as amended from time to time.

Galvin 3A Project Area, initially established February 28, 1955, as amended from time to time.

Harbor Gate 6A Project Area, initially established November 8, 1954; as amended from time to time.

Harbour 11A Project Area, initially established June 9, 1975, as amended from time to time.

Hensley 8A Project Area, initially established May 29, 1960; as amended from time to time.

Nevin 10B Project Area, initially established September 18, 1972; as amended from time to time.

North Richmond 12A Project Area, initially established September 18, 1972, as amended from time to time.

Potrero 1C Project Area, initially established April 4, 1960, as amended from time to time.

"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 Merged Area Housing Debt Service" means all of the payments required to be made pursuant to the Senior Merged Area Housing Obligations.

"Senior Merged Area Housing Obligations" means the Pre-2004 Loan Agreement, but only with respect to the payments thereunder required to be paid from amounts allocable to the Housing Fund in respect of the Authority's Housing Set-Aside Tax Allocation Revenue Bonds, Series 2000B (Taxable).

"Series 2004A Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) issued by the Authority pursuant to the Trust Agreement.

"Series 2004B Bonds" means the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) issued by the Authority pursuant to the Trust Agreement.

"Series 2004A Housing Loan Payments" means the payments required to be paid hereunder pursuant to Section 2.02(a)(i).

"Series 2004B Loan Payments" means the payments required to be paid hereunder pursuant to Section 2.02(a)(ii).

"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.

"Trust Agreement" means the Trust Agreement, dated as of October 1, 2004, 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 $7,000,000.00 (consisting of an amount equal to $5,000,000.00 from the proceeds of the Series 2004A Bonds and an amount equal to $2,000,000.00 from the proceeds of the Series 2004B Bonds) 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 to repay the Loan as follows:

(i) At least fifteen (15) days prior to each Interest Payment Date, the Agency shall transfer to the Trustee from the Housing Fund an amount equal to the product of (i) the Housing Share times (ii) an amount equal to the principal of (including mandatory redemption payments) and interest on the Series 2004A Bonds on such Interest Payment Date (the "Series 2004A Housing Loan Payment"). The Series 2004A Housing Loan Payments shall be payable from Pledged Housing Set Aside Tax Revenues deposited in or required to be deposited in the Housing Fund pursuant to the Law.

(ii) At least fifteen (15) days prior to each Interest Payment Date, the Agency shall transfer to the Trustee from the Housing Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Series 2004B Bonds on such Interest Payment Date (the "Series 2004B Loan Payment"). The Series 2004B Loan Payments shall be payable from Pledged Housing Set Aside Tax Revenues deposited in or required to be deposited in the Housing Fund pursuant to the Law.

(iii) In the event that the Pledged Housing Set Aside Tax Revenues are insufficient to pay all Series 2004A Housing Loan Payments, Series 2004B Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Series 2004A Housing Loan Payments, Series 2004B Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004A Housing Loan Payments, Series 2004B Loan Payments and Parity Debt Service.

(iv) 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 Series 2004A Housing Loan Payments shall not be subject to optional prepayment. The Series 2004B 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 2004B Bonds, 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 Series 2004A Bonds, the amount of $4,330,455.99 shall be deposited in the Series 2004A Housing Project Account, which account the Trustee shall establish and maintain. Amounts in the Series 2004A Housing Project Account shall be withdrawn by the Agency as provided in the Trust Agreement and upon withdrawal shall be deposited by the Agency in the Housing Fund. Such amounts shall be applied by the Agency for any purpose for which amounts in the Housing Fund may be expended pursuant to the Redevelopment Plan and the Law.

(b) From the proceeds of the Series 2004B Bonds, the amount of $1,734,164.25 shall be deposited in the Series 2004B Project Account, which account the Trustee shall establish and maintain. Amounts in the Series 2004B Project Account shall be withdrawn by the Agency as provided in the Trust Agreement and upon withdrawal shall be deposited by the Agency in the Housing Fund. Such amounts shall be applied by the Agency for any purpose for which amounts in the Housing Fund may be expended pursuant to 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.

(c) The remaining amount of the Loan shall be applied to the payment of the premium to the Bond Insurer, the underwriter's discount and 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. Prohibition on Issuance of Senior Debt; Issuance of Parity Debt. So long as any portion of the Loan remains unpaid hereunder or any portion of the Bonds remains Outstanding, the Agency covenants that it will not issue any debt or other obligation payable on parity with the Senior Merged Area Housing Obligations. 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 Available Housing Set Aside Tax Revenues to be received by the Agency in the then current Fiscal Year and in each future Fiscal Year, based upon the most recent qualified assessment roll of the County, but taking into account the reductions in Available Housing Set-

Aside Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to sub-areas of the Project Area, shall be in an amount equal to at least one hundred forty percent (140%) of Combined Annual Debt Service.

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

(1) The Available Housing Set Aside 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.

(2) For purposes of calculating Combined 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 Available Housing Set Aside Tax Revenues for the then current Fiscal Year and each future Fiscal Year will be at least equal to one hundred forty percent (140%) of Combined 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); and

(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 HOUSING SET ASIDE TAX REVENUES; APPLICATION OF FUNDS

SECTION 3.01. Pledge of Pledged Housing Set Aside Tax Revenues and Housing Fund. The Loan and all Parity Debt shall be equally and ratably secured by a pledge of and lien on all of the Pledged Housing Set Aside Tax Revenues and all amounts in the Housing Fund (except amounts required to pay the Senior Merged Area Housing Obligations), without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery, which lien shall be subordinate only to the Senior Merged Area Housing Obligations. The Pledged Housing Set Aside Tax Revenues and all amounts in the Housing Fund (except amounts required to pay the Senior Merged Area Housing Obligations) are hereby pledged in their entirety to the payments required by Section 2.02 hereof. The Pledged Housing Set Aside Tax Revenues and all amounts in the Housing 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 City, 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 Housing Set Aside Tax Revenues of the Agency and amounts in the Housing 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. Housing Fund; Deposits. In order to carry out its obligation to repay the Loan, the Agency agrees and covenants that it shall establish and maintain the Housing Fund. In each Fiscal Year, the Agency shall deposit in trust in the Housing Fund all Pledged Housing Set Aside Tax Revenues. The Housing Fund is hereby pledged and a security interest granted therein and all money on deposit in the Housing Fund shall be applied and used only as provided herein. 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 Housing Fund for any lawful purpose of the Agency. The Agency agrees and covenants to maintain the Housing 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 Housing Set Aside Tax Revenues) under this Loan Agreement.

SECTION 4.02. Agreement Valid and Binding; Approval by Legislative Body of City. 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 City 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 Housing Set Aside 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 Housing Set Aside 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 Housing Set Aside Tax Revenues. The Agency shall have no obligation to use any funds other than the Pledged Housing Set Aside Tax Revenues and amounts in the Housing Fund, directly or indirectly, to pay principal of or interest on the Loan and no funds other than the Pledged Housing Set Aside Tax Revenues and amounts in the Housing 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 Lien. The pledge of the Pledged Housing Set Aside Tax Revenues and amounts in the Housing Fund constitute a valid pledge of and a lien on all of the Pledged Housing Set Aside Tax Revenues and amounts in the Housing Fund to secure this Loan and all Parity Debt, which lien shall be subordinate only to the Senior Merged Area Housing 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 Housing Set Aside 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 p1 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 2004B 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 2004B 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 2004B 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:

(a) 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;

(b) 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

(c) 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 Housing Set Aside 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 Housing Set Aside 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. 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 Housing Set Aside 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 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.

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 Housing Set Aside 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 Housing Set Aside 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 Housing Fund, so long as this Loan remains unpaid, an amount equal to the amount that would have been received by the Agency as Pledged Housing Set Aside 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 Housing 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 Housing Set Aside Tax Revenues will not be materially reduced by such proposed amendment, the Agency may undertake such amendment. If the Report concludes that Pledged Housing Set Aside 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 Housing Set Aside 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 Housing Set Aside 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 Housing Set Aside 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 Payments 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 Payments, 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
1401 Marina Way South
Richmond, CA 94804

If to the Agency:
Treasurer
Richmond Redevelopment Agency
City of Richmond
1401 Marina Way South
Richmond, CA 94804

If to the Bond Insurer: XL Capital Insurance Inc.
1221 Avenue of the Americas
New York, NY 10020-1001
ATTN: Surveillance

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, including the Trust Agreement; (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: _____
Executive Director

RICHMOND JOINT POWERS FINANCING AUTHORITY

By: _____
Treasurer/Auditor

$15,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
Tax Allocation Revenue Bonds, Series 2004A (Taxable)

$2,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)

Bond Purchase Contract

October 15, 2004

Richmond Joint Powers Financing Authority
City Hall
1401 Marina Way South
Richmond, CA 94804

Richmond Redevelopment Agency
City Hall
1401 Marina Way South
Richmond, CA 94804

Ladies and Gentlemen:

The undersigned, RBC Dain Rauscher Inc. (the "Underwriter") and Fannie Mae (the "Placed Bonds Purchaser"), hereby offer to enter into this Bond Purchase Contract (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, the Placed Bonds Purchaser 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 and the Placed Bonds Purchaser 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.

This Agreement shall be deemed to consist of separate purchase contracts by and among (a) the Underwriter, the Authority and the Agency, and (b) the Placed Bonds Purchaser, the Authority and the Agency, and the same are set forth in composite form for the convenience of the parties and creates no obligation nor confers any right as between the Underwriter and the Placed Bonds Purchaser.

1. Purchase and Sale of Bonds. (a) 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 bonds identified on Exhibit A hereto (collectively, the "Underwritten Bonds") at the following purchase prices (collectively, the "Underwritten Bonds Purchase Price"):

(1) Series A Bonds: $8,840,000.00 aggregate principal amount of the $15,000,000.00 Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series A Bonds"), at a purchase price of $8,727,931.25 (being the principal amount of $8,840,000.00 less an Underwriter's discount of $110,500.00, less net original issue discount of $1,568.75); and

(2) Series B Bonds: $1,180,000.00 aggregate principal amount of the $2,000,000.00 Richmond Joint Powers Financing Authority, Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), at a purchase price of $1,163,742.30 (being the principal amount of $1,180,000.00 less an Underwriter's discount of $14,750.00 less net original issue discount of $1,507.70).

(b) Upon the terms and conditions and upon the basis of the representations herein set forth, the Placed Bonds Purchaser agrees to purchase from the Authority, for its own account and the Authority agrees to sell to the Placed Bonds Purchaser for such purpose, all (but not less than) of the bonds identified on Exhibit A hereto (collectively, the "Placed Bonds") at the following purchase prices (collectively, the "Placed Bonds Purchase Price").

(1) Series A Bonds: $6,160,000.00 aggregate principal amount of the Series A Bonds, at a purchase price of $6,160,000.00; and

(2) Series B Bonds: $820,000.00 aggregate principal amount of the Series B Bonds, at a purchase price of $820,000.00.

The Authority agrees to pay a placement fee to the Underwriter with respect to the Placed Bonds of $87,250.00.

2. Description of Bonds. The Bonds shall be issued pursuant to a Trust Agreement (the "Trust Agreement") dated as of October 1, 2004 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 (Non-Housing) (the "Non-Housing Loan Agreement"), dated as of October 1, 2004, by and between the Authority and the Agency and a Loan Agreement (Housing) (the "Housing Loan Agreement" and, together with the Non-Housing Loan Agreement, the "Loan Agreements"), dated as of October 1, 2004, by and between the Authority and the Agency, both 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 Agreements. The Non-Housing Loan Agreement is secured by a pledge of Pledged Tax Revenues (as defined in the Trust Agreement and the Non-Housing Loan Agreement) allocated

to the Agency with respect to its merged redevelopment project area (the "Merged Project Area"). Certain tax revenues of the Agency, with respect to the Harbour Project Area, are subject to a lien prior to the lien of the Non-Housing Loan Agreement. Additionally, certain tax increment revenues derived from the Project Area are pledged to the repayment of the 2003 Loan Payments and the Pre-2004 Loan Agreement (the "Senior Merged Area Obligations") on a basis senior to the lien of the Non-Housing Loan Agreement. The Housing Loan Agreement is secured by a pledge of Housing Set Aside Pledged Tax Revenues (as defined in the Trust Agreement and the Housing Loan Agreement) allocated to the Agency with respect to the Merged Project Area. Payments due under the Housing Loan Agreement are payable from certain tax increment revenues derived from the Merged Project Area on a basis subordinate to the lien of the Pre-2004 Loan Agreement, but only with respect to the payments thereunder required to be paid from amounts allocable to the Agency's Housing Fund in respect of the Authority's Housing Set-Aside Tax Allocation Revenue Bonds, Series 2000B (Taxable) (the "Senior Merged Area Housing Obligations").

The proceeds of the Series A Bonds will be used to (i) pay the total outstanding amount of the Prior City Obligations to the City of Richmond (the "City"), (ii) finance certain working capital requirements of the Agency; (iii) finance certain low and moderate income housing activities of the Agency, (iv) fund the reserve account for the Series A Bonds, (v) fund capitalized interest, and (vi) 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 low and moderate income housing activities of the Agency, (ii) fund the reserve account for the Series B Bonds, (iii) fund capitalized interest, and (iv) pay certain costs related to the issuance of the Series B 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 Underwritten 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. The Placed Bonds Purchaser represents to the Authority and the Agency that it is purchasing the Placed Bonds for investment and not with the intent to make a distribution thereof.

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 October 28, 2004, 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, the Placed Bonds Purchaser and the Underwriter, the Authority will deliver (1) to the Underwriter and the Placed Bonds Purchaser, through the "FAST" book-entry system of The Depository Trust Company ("DTC"), the Underwritten Bonds and the Placed Bonds, respectively, 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, the Placed Bonds Purchaser and the Underwriter. The Underwriter will accept such delivery and pay the Underwritten Bonds Purchase Price as set forth in Section 1(a) hereof by federal funds wire transfer to the order of the Trustee on behalf of the Authority. The Placed Bonds Purchaser will accept such delivery and pay the Placed Bonds Purchase Price as set forth in Section 1(b) 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 and the Placed Bonds Purchaser 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 Agreements (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 XL Capital Assurance Inc. (the "Bond Insurer").

(iv) Underwriter's Consent to Amendments and Supplements to Official Statement. The Agency will advise the Underwriter and the Placed Bonds Purchaser 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 B 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 (i) 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. A description of the Agency's compliance with its continuing disclosure undertaking under the Rule is set forth in the Preliminary Official Statement.

(b) Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Agency, the Placed Bonds Purchaser 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 and the Placed Bonds Purchaser 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 Series B Bonds from taxation or contesting the powers of the Authority or its authority to issue the 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 and the Placed Bonds Purchaser have 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 obligation under this Agreement to purchase the Underwritten Bonds shall be subject to the concurrent purchase of the Placed Bonds by the Placed Bonds Purchaser. The Placed Bonds Purchaser's obligation under this Agreement to purchase the Placed Bonds shall be subject to the concurrent purchase of the Underwritten Bonds by the Underwriter. The Underwriter's obligation under this Agreement to purchase the Underwritten Bonds and the Placed Bonds Purchaser's obligation under this Agreement to purchase the Placed 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 the Placed Bonds Purchaser 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 and the Placed Bonds Purchaser 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 reasonable judgment of the Underwriter and the Placed Bonds Purchaser, 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 and the Placed Bonds Purchaser, 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 reasonable opinion of the Underwriter and the Placed Bonds Purchaser, 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, which, in the reasonable opinion of the Placed Bonds Purchaser, materially adversely affects the market price of the Placed 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 reasonable judgment of the Underwriter and the Placed Bonds Purchaser, 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 and the Placed Bonds Purchaser 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 Agreements, 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 Financial Guaranty Insurance Policy; 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 Financial Guaranty Insurance Policy, 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 resolutions (the "Agency Resolutions") 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 Resolutions are in full force and effect and have not been modified, amended or rescinded except as specified in the Agency Resolutions.

(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 MERGED 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 and the Housing Set-Aside Pledged Tax Revenues for repayment of the Non-Housing Loan Agreement and the Housing Loan Agreement, respectively (and hence the Bonds), or affects in any manner the right or ability of the Agency to collect or pledge the Pledged Tax Revenues and the Housing Set-Aside 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 are in full force and effect and have not been modified, amended or rescinded except as specified in the Authority Resolution.

(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 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 received an insured rating of "AAA" from Standard & Poor's Ratings Services (S&P) and Fitch and an underlying rating of "A-" from S&P.

(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) Financial Guaranty Insurance Policy. Copies of the executed Financial Guaranty Insurance Policy issued by the Bond Insurer with respect to the Bonds (the "Financial Guaranty Insurance Policy") 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 and to the Placed Bonds Purchase: Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016, Attention: James D. Beachler.

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:

FANNIE MAE, the Placed Bonds Purchaser

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: Executive Director

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:

FANNIE MAE, the Placed Bonds Purchaser

By: _____
Title: Vice President

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: Executive Director

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:

FANNIE MAE, the Placed Bonds Purchaser

By: _____
Title:

Accepted as of the date first stated above:

RICHMOND JOINT POWERS
FINANCING AUTHORITY

By: Patrick Lamell
Title: Treasurer/Auditor

Ratified as of the date first stated above:
RICHMOND REDEVELOPMENT AGENCY

By: _____
Title: Executive Director

APPENDIX A
Maturity Schedules

$15,000,000

RICHMOND JOINT POWERS FINANCING AUTHORITY

Tax Allocation Revenue Bonds, Series 2004A (Taxable)

Underwritten Bonds

Maturity	Principal	Coupon	Yield	Price
09/01/2005	$ 260,000.00	2.450%	2.490%	99.965%
09/01/2006	150,000.00	2.950	2.970	99.962
09/01/2007	150,000.00	3.250	3.270	99.943
09/01/2008	155,000.00	3.550	3.560	99.961
09/01/2009	160,000.00	3.850	3.860	99.952
09/01/2010	165,000.00	4.100	4.110	99.944
09/01/2011	175,000.00	4.350	4.360	99.936
09/01/2012	185,000.00	4.550	4.550	100.000
09/01/2013	190,000.00	4.700	4.710	99.922
09/01/2014	200,000.00	4.750	4.780	99.760
09/01/2015	210,000.00	4.850	4.870	99.826
09/01/2020	2,140,000.00	5.090	5.090	100.000
09/01/2026	4,700,000.00	5.440	5.440	100.000
Total	**$ 8,840,000.00**			

Placed Bonds

Maturity	Principal	Coupon	Yield	Price
09/01/2020	$ 2,135,000.00	5.090%	5.090%	100.000%
09/01/2026	4,025,000.00	5.440	5.440	100.000
Total	**$ 6,160,000.00**			

$2,000,000

RICHMOND JOINT POWERS FINANCING AUTHORITY

Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)

Underwritten Bonds

Maturity	Principal	Coupon	Yield	Price
09/01/2005	$ 75,000.00	2.000%	1.600%	100.332%
09/01/2006	65,000.00	2.000	1.900	100.179
09/01/2007	65,000.00	2.250	2.000	100.686
09/01/2008	70,000.00	2.500	2.250	100.913
09/01/2009	70,000.00	2.750	2.600	100.676
09/01/2010	70,000.00	3.000	2.950	100.264
09/01/2011	75,000.00	3.250	3.150	100.608
09/01/2012	75,000.00	3.500	3.350	101.023
09/01/2013	80,000.00	3.750	3.500	101.883
09/01/2014	80,000.00	3.750	3.600	101.230
09/01/2015	85,000.00	3.750	3.750	100.000
09/01/2019	370,000.00	4.000	4.180	98.019
Total	**$1,180,000.00**			

Placed Bonds

Maturity	Principal	Coupon	Yield	Price
09/01/2026	$ 820,000.00	4.625%	4.625%	100.000%

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 2004A (Taxable) and Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (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 October 7, 2004, 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 October 7, 2004.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By: _____
Authorized Officer

RICHMOND REDEVELOPMENT AGENCY

By: _____
Authorized Officer

APPENDIX C

FISCAL CONSULTANT CERTIFICATE

$15,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
Tax Allocation Revenue Bonds, Series 2004A (Taxable)

$2,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)

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 MERGED 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: October 28, 2004

FRASER AND ASSOCIATES,
AS FISCAL CONSULTANT

By: _____

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 them 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 the 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, qualification or filing under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 7, 2004

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 2004B 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 2004B 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 2004A 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

$15,000,000*
Tax Allocation Revenue Bonds
Series 2004A (Taxable)

$2,000,000*
Housing Set-Aside Tax Allocation Revenue Bonds
Series 2004B (Tax-Exempt)

Dated: Date of Delivery

Due: September 1, as shown on inside 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 2004A (Taxable) (the "Series 2004A Bonds") and Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and, together with the Series 2004A Bonds, the "Bonds") of the Richmond Joint Powers Financing Authority (the "Authority") are being issued in accordance with a Trust Agreement, dated as of October 1, 2004 (the "Trust Agreement"), by and between the Authority and Union Bank of California, N.A., San Francisco, California, as trustee (the "Trustee"). The proceeds of the Series 2004A Bonds will be used to (i) pay the approximate amount of $6,350,000 to the City of Richmond (the "City") in full and final payment of the Prior City Obligations, (ii) finance certain working capital requirements of the Richmond Redevelopment Agency (the "Agency"); (iii) finance certain low and moderate income housing activities of the Agency, (iv) fund the reserve account for the Series 2004A Bonds, (v) fund capitalized interest, and (vi) pay certain costs related to the issuance of the Series 2004A Bonds. The proceeds of the Series 2004B Bonds will be used to (i) finance certain low and moderate income housing activities of the Agency, (ii) fund the reserve account for the Series 2004B Bonds, (iii) fund capitalized interest, and (iv) pay certain costs related to the issuance of the Series 2004B 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 September 1, 2005.

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

The Series 2004A 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 (Non-Housing) by and between the Authority and the Agency, dated as of October 1, 2004 (the "Non-Housing Loan Agreement") and a Loan Agreement (Housing) by and between the Authority and the Agency, dated as of October 1, 2004 (the "Housing Loan Agreement" and, together with the Non-Housing Loan Agreement, the "Loan Agreements") and certain amounts on deposit in the funds and accounts held under the Trust Agreement. The Series 2004B 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 the Housing Loan Agreement and certain amounts on deposit in the funds and accounts held under the Trust Agreement.

The Agency's obligation to make certain payments under the Non-Housing Loan Agreement (the "Series 2004A Non-Housing Loan Payments") and certain payments under the Housing Loan Agreement (the "Housing Loan Payments" and, together with the Series 2004A Non-Housing Loan Payments, the "Loan Payments") are secured by a pledge of certain tax increment revenues derived from taxable property within the Agency's merged redevelopment project areas, identified in the Loan Agreements as the "Merged 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 Merged Project Area, are subject to a lien prior and senior to the lien of the Non-Housing Loan Agreement. Additionally, the Series 2004A Non-Housing Loan Payments are payable from certain tax increment revenues derived from the Merged Project Area on a basis subordinate to the lien of the 2003 Loan Agreement and the Pre-2004 Loan Agreement (collectively, the "Senior Merged Area Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations to the Loan Agreements."

The Housing Loan Payments are payable from certain tax increment revenues derived from the Merged Project Area on a basis subordinate to the lien of the Pre-2004 Loan Agreement, but only with respect to the payments thereunder required to be paid from amounts allocable to the Agency's Housing Fund in respect of the Authority's Housing Set-Aside Tax Allocation Revenue Bonds, Series 2000B (Taxable) (the "Senior Merged Area Housing Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations to the Loan Agreements."

The scheduled payment of principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued simultaneously with the delivery of the Bonds by XL Capital Assurance Inc. as described herein. See "DESCRIPTION OF THE INSURER" herein.

XL CAPITAL ASSURANCE

NEITHER THE BONDS NOR THE OBLIGATIONS OF THE AGENCY UNDER THE LOAN AGREEMENTS 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 AGREEMENTS. THE OBLIGATIONS OF THE AGENCY UNDER THE LOAN AGREEMENTS ARE LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE ONLY OUT OF CERTAIN FUNDS OF THE AGENCY AS SET FORTH IN THE LOAN AGREEMENTS. 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 the 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 October 28, 2004.

RBC DAIN RAUSCHER

* Preliminary, subject to change

MATURITY SCHEDULE*

$15,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2004 A (TAXABLE)

Maturity (September 1)	Principal Amount	Interest Rate	Yield
2005	$265,000	%	%
2006	150,000		
2007	150,000		
2008	155,000		
2009	160,000		
2010	165,000		
2011	175,000		
2012	185,000		
2013	185,000		
2014	200,000		
2015	210,000		

$4,270,000 _____% Series 2004A Term Bond due September 1, 2020, Price _____%
$8,730,000 _____% Series 2004A Term Bond due September 1, 2026, Price _____%

$2,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BONDS
SERIES 2004B (TAX-EXEMPT)

Maturity (September 1)	Principal Amount	Interest Rate	Yield
2005	$75,000	%	%
2006	65,000		
2007	65,000		
2008	70,000		
2009	70,000		
2010	70,000		
2011	75,000		
2012	75,000		
2013	80,000		
2014	80,000		
2015	85,000		

$475,000 _____% Series 2004B Term Bond due September 1, 2020, Price _____%
$715,000 _____% Series 2004B Term Bond due September 1, 2026, 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

Phil Batchelor, Chief Executive Officer, *City Manager*
Jay Corey, *Assistant City Manager*
Pat Samsell, *Finance Director*
Steve Duran, Secretary and Executive Director, *Community & Economic Development Director*

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 Agreements 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
- Legal Authority 1
- Financing Purpose 2
- Tax Allocation Financing 2
- Security for the Bonds 2
- Fiscal Consultant Report 3
- Other Information 4

PURPOSE OF THE BONDS 4
ESTIMATED SOURCES AND USES OF FUNDS 5
THE BONDS 5
- Description of the Bonds 5
- Redemption 6
- General Redemption Provisions 8
- Notice of Redemption; Effect of Redemption; Rescission 8

ANNUAL DEBT SERVICE REQUIREMENTS 10
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 11
- Tax Allocation Financing 11
- Allocation of Taxes 11
- Pledge and Allocation of Tax Revenues 12
- Issuance of Parity Debt 13
- Senior Obligations to the Loan Agreements 14
- Additional Senior Obligations 16
- Deposit of Tax Revenues to Special Fund 16
- Deposit of Tax Revenues to Housing Fund 17
- The Trust Agreement 17

DESCRIPTION OF THE INSURER 18
- General 19
- Reinsurance 19
- Financial Strength and Financial Enhancement Ratings of XLCA 20
- Capitalization of the Insurer 20
- Regulation of the Insurer 21

THE AUTHORITY 21

THE AGENCY 21
Financial Statements 22
Governance and Administration 22
Recent Developments 23
THE MERGED PROJECT AREA 24
Redevelopment Plans 24
Merger and Amendment of the Project Areas 24
Redevelopment Plan Limitations and Land Usage 24
The Constituent Project Areas 27
Taxable Values and Tax Increment Revenues 32
Statement of Direct and Overlapping Debt 36
PROJECTED DEBT SERVICE COVERAGE 38
BOND OWNERS' RISKS 43
Concentration of Tax Base 43
Estimates of Tax Increment Revenues 43
Tax Collection Agreement 43
Appeals and Other Reductions to Assessed Values 43
Bankruptcy and Foreclosure 46
Investment Risk 46
Development Risks 46
Earthquake Risks 47
Brownfields 47
Levy and Collection of Taxes 47
Reductions in Inflationary Rate 47
State Budget 48
Parity Debt 49
Changes in the Law 49
Hazardous Substances 50
LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS 50
Article XIIIA of the California Constitution 50
Article XIIIB of the California Constitution 51
Articles XIIIC and XIIID of the California Constitution 53
Proposition 87 53
Further Initiatives 53
Property Tax Collection Procedures 53

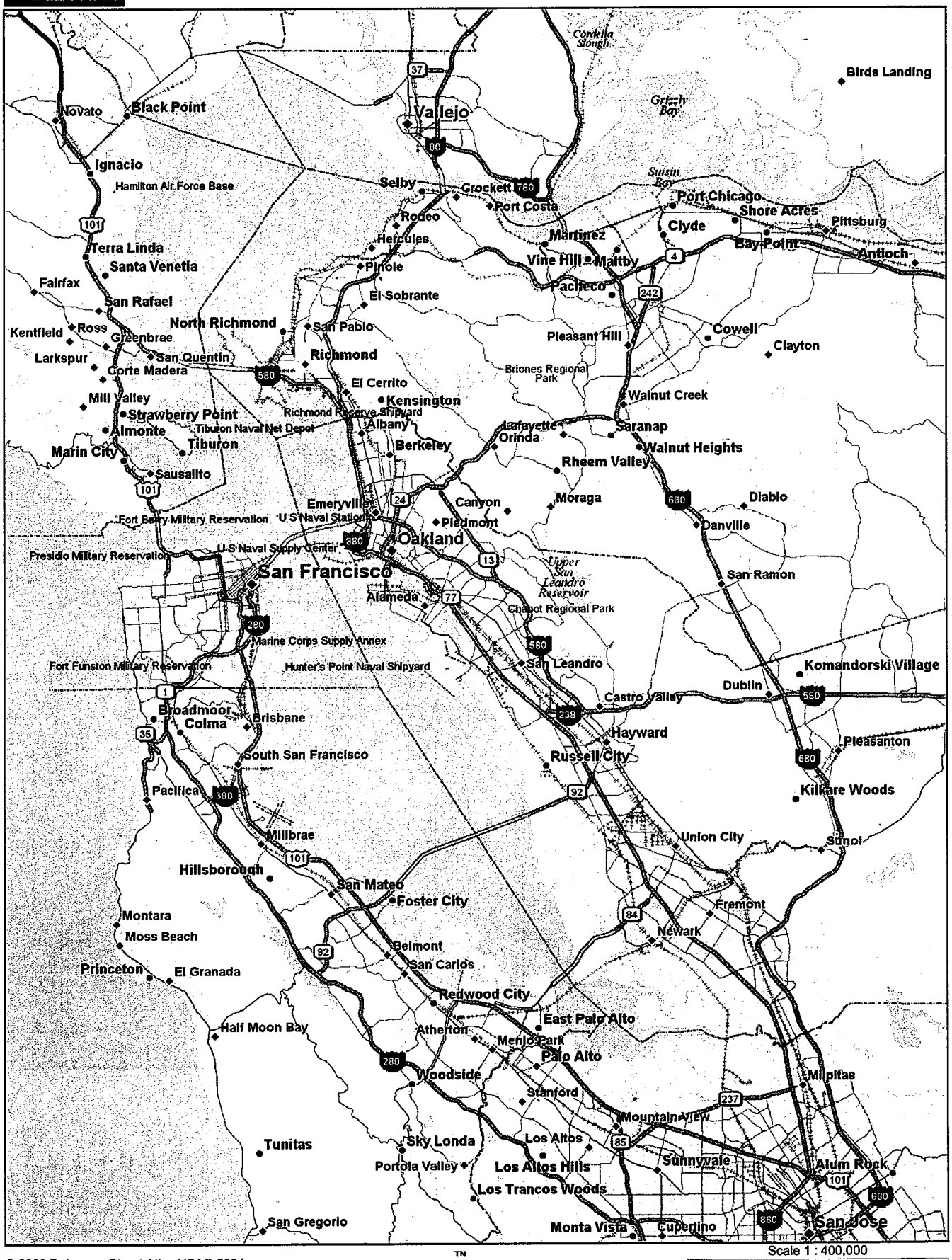
Unitary Property 55
Low and Moderate Income Housing Fund 56
Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290) 57
SB 211 58
TAX MATTERS 59
NO LITIGATION 60
UNDERWRITING 61
CONTINUING DISCLOSURE 61
APPROVAL OF LEGALITY 61
RATINGS 62
MISCELLANEOUS 62
APPENDIX A ECONOMIC AND DEMOGRAPHIC 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, 2003 ..... H-1

(THIS PAGE INTENTIONALLY LEFT BLANK)

LOCATION MAP

DeLORME

Street Atlas USA® 2004



© 2003 DeLorme. Street Atlas USA® 2004.

www.delorme.com

TN

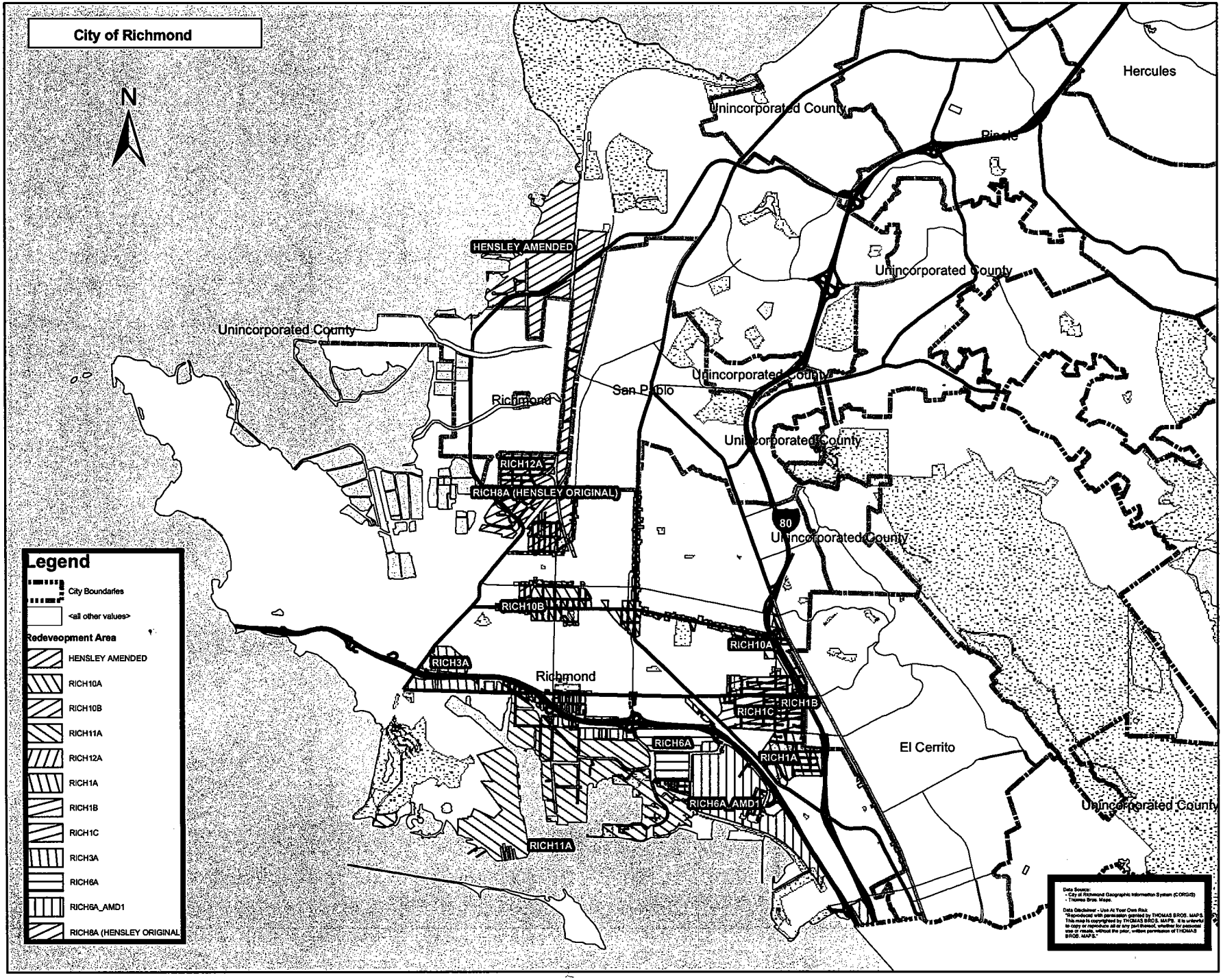
MN (15.1°E)

Scale 1 : 400,000

1" = 6.31 mi

Data Zoom 9-0

MERGED PROJECT AREA MAP



OFFICIAL STATEMENT
RICHMOND JOINT POWERS FINANCING AUTHORITY

**$15,000,000*
Tax Allocation
Revenue Bonds Series 2004A
(Taxable)**

**$2,000,000*
Housing Set-Aside Tax Allocation
Revenue Bonds Series 2004B
(Tax-Exempt)**

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 $15,000,000* aggregate principal amount of its Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and $2,000,000* aggregate principal amount of its Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and, together with the Series 2004A Bonds, the "Bonds").

Legal Authority

Redevelopment Law and the Act. The Agency is a redevelopment agency organized and existing under the Community Redevelopment Law, being Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"). 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").

Resolution and Trust Agreement. The Bonds are being issued in accordance with the Act, pursuant to resolutions of the Authority adopted on July 20, 2004 and September 28, 2004 (collectively, the "Resolution") and a Trust Agreement, dated as of October 1, 2004, by and between the Authority and Union Bank of California, N.A., San Francisco, California, as trustee (the "Trustee"). See "THE BONDS" hereinafter.

Financing Purpose

The proceeds of the Series 2004A Bonds will be used to (i) pay the approximate amount of $6,350,000 to the City in full and final payment of the Prior City Obligations (as defined herein), (ii)

* Preliminary, subject to change.

finance certain working capital requirements of the Agency; (iii) finance certain low and moderate income housing activities of the Agency, (iv) fund the reserve account for the Series 2004A Bonds, (v) fund capitalized interest, and (vi) pay certain costs related to the issuance of the Series 2004A Bonds. The proceeds of the Series 2004B Bonds will be used to (i) finance certain low and moderate income housing activities of the Agency, (ii) fund the reserve account for the Series 2004B Bonds, (iii) fund capitalized interest, and (iv) pay certain costs related to the issuance of the Series 2004B Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" hereinafter.

Tax Allocation Financing

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 (commonly known as "tax increment revenues") 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. Under Section 33334.2 and Section 33334.6 of the Redevelopment Law, redevelopment agencies are generally required, unless certain annual findings are made, to set aside 20% of all tax increment revenues allocated 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Security for the Bonds

The Loan Agreements. The Authority will loan the proceeds of the Series 2004A Bonds to the Agency pursuant to two loan agreements: the Loan Agreement (Non-Housing) by and between the Authority and the Agency, dated as of October 1, 2004 (the "Non-Housing Loan Agreement") and the Loan Agreement (Housing) by and between the Authority and the Agency, dated as of October 1, 2004 (the "Housing Loan Agreement" and, together with the Non-Housing Loan Agreement, the "Loan Agreements"). The Series 2004A Bonds will be repayable from payments made under the Non-Housing Loan Agreement in proportion to the portion of the Series 2004A Bonds used for non-housing purposes and from payments made under the Housing Loan Agreement in proportion to the portion of the Series 2004A Bonds used for housing purposes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Deposit of Tax Revenues to Special Fund" herein.

The Authority will loan the proceeds of the Series 2004B Bonds to the Agency pursuant to the Housing Loan Agreement.

The loans made by the Authority to the Agency as evidenced by the Non-Housing Loan Agreement and the Housing Loan Agreement are referred to herein as the "Non-Housing Loan" and the "Housing Loan," respectively, and collectively as the "Loans."

The Agency will enter into the Loan Agreements pursuant to the Redevelopment Law. The Agency's obligations under the Non-Housing Loan Agreement will be secured by a pledge of certain tax increment revenues (the "Pledged Tax Revenues") generated from the Merged Project Area (as defined herein). The Agency's obligations under the Housing Loan Agreement will be secured by a pledge of certain tax increment revenues (the "Pledged Housing Set Aside Tax Revenues") generated from the Merged Project Area. See "THE MERGED PROJECT AREA – Merger and Amendment of the Project

Areas" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge and Allocation of Tax Revenues – Loan Agreements."

The lien of the Non-Housing Loan Agreement on the Pledged Tax Revenues is subordinate to certain prior liens. Certain tax increment revenues derived from the Harbour Project Area, located within the Merged Project Area, are subject to a lien prior and senior to the lien of the Non-Housing Loan Agreement. Additionally, tax increment revenues derived from the Merged Project Area are pledged to the repayment of the Agency's obligations under the 2003 Loan Agreement and the Pre-2004 Loan Agreement (collectively, the "Senior Merged Area Obligations") on a basis senior to the Agency's obligations under the Non-Housing Loan Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations to the Loan Agreements."

The lien of the Housing Loan Agreement on amounts in the Housing Fund is subordinate to certain prior liens. The Housing Loan Payments are payable from certain tax increment revenues derived from the Merged Project Area on a basis subordinate to the lien of the Pre-2004 Loan Agreement, but only with respect to the payments thereunder required to be paid from amounts allocable to the Agency's Housing Fund in respect of the Authority's Housing Set-Aside Tax Allocation Revenue Bonds, Series 2000B (Taxable) (the "Senior Merged Area Housing Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations to the Loan Agreements."

Bond Insurance. The scheduled payment of principal and interest on each series of Bonds when due will be insured by a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") to be issued simultaneously with delivery of the Bonds by XL Capital Assurance Inc. (the "Insurer"). See "DESCRIPTION OF THE INSURER" and "APPENDIX F – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY" herein.

Reserve Accounts. Under the Trust Agreement, the Authority is required to maintain separate Reserve Accounts for the Series 2004A Bonds and the Series 2004B Bonds, each in the amount of the respective Reserve Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Trust Agreement – Reserve Accounts."

Limited Obligations. 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 from the Agency under the Loan Agreements as further described herein under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge and Allocation of Tax Revenues."

Fiscal Consultant Report

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 Merged Project Area and pledged 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 MERGED PROJECT AREA – Merger and Amendment of the Project Areas."

Other Information

There follows in this Official Statement descriptions of the Bonds, the Loan Agreements, the Trust Agreement, the Authority, the Merged 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 Agreements. Copies of the Trust Agreement and the Loan Agreements 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 working capital requirements of the Agency, Agency projects and certain low- and moderate-income housing activities of the Agency. See "THE MERGED PROJECT AREA."

The Agency will use a portion of the proceeds of the Series 2004A Bonds to repay loans from the City that were incurred to finance redevelopment activities. The Agency is currently obligated to repay the approximate amount of $6,350,000 of indebtedness the Agency has incurred to the City in connection with the redevelopment of the Merged Project Area from time to time in the form of certain loans, promissory notes and reimbursement agreements (the "Prior City Obligations"), which amount is in full and final payment of the Prior City Obligations. In 2003, the Agency used a portion of the Authority's Tax Allocation Revenue Bonds Series 2003A (Tax-Exempt) (the "2003A Bonds") and its Tax Allocation Revenue Bonds Series 2003B (Taxable) (the "2003B Bonds" and, together with the 2003A Bonds, the "2003 Bonds") to repay approximately $18,000,000 of the Prior City Obligations, leaving the current balance of approximately $6,350,000 outstanding. At that time, the Agency and the City planned for the remaining balance to be repaid in two $3,000,000 installments (plus interest), one in fiscal year 2004-05 and the other in fiscal year 2005-06. Due to the City's difficult financial condition, the Agency has agreed to repay the entire balance out of the proceeds of the Series 2004A Bonds. The City plans to use the amounts so repaid for normal operating expenses of the City during the 2004-05 fiscal year.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:	Series 2004A Bonds Non-Housing Share	Series 2004A Bonds Housing Share	Series 2004B Bonds
Bond Proceeds	$_____	$_____	$_____
Original Issue Premium			
Less: Underwriters Discount	_____	_____	_____
Total Sources			
Uses:			
Deposit to Costs of Issuance Fund[1]			
Deposit to Interest Account[2]			
Deposit to Project Account			
Deposit to Reserve Account			
Repayment of the Prior City Obligations	_____	_____	_____ -
Total Uses			

(1) Includes legal, financing and consultant fees, fees of the Trustee, rating agencies fees, the premium for the Financial Guaranty Insurance Policy, and certain miscellaneous expenses.

(2) 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 September 1, 2005 (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 2004B Bonds. The Series 2004B Bonds maturing on or after September 1, 2015, 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 Series 2004B Loan Payments made at the option of the Agency pursuant to the terms of the Housing Loan Agreement or from any other source of available moneys. Such optional redemptions may be made on or after September 1, 2014, on any date with respect to which such Housing Loan prepayments or other moneys shall have been made available subject to prior notice as provided in the Trust Agreement, at a redemption price equal to the principal amount of the Series 2004B Bonds called for redemption, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Series 2004A Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption – Series 2004A Bonds*. The Series 2004A Bonds maturing on September 1, 2020 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, 2016, 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 2004A Bonds Due
September 1, 2020

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2016	$ 220,000
2017	230,000
2018	240,000
2019	3,005,000
2020*	575,000

* Maturity

The Series 2004A Bonds maturing on September 1, 2026 are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part, on September 1 of each year on and after

* Preliminary, subject to change.

September 1, 2020, 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 2004A Bonds Due
September 1, 2026

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2021	$ 610,000
2022	740,000
2023	690,000
2024	715,000
2025	755,000
2026*	5,220,000

* Maturity

Mandatory Sinking Fund Redemption – Series 2004B Bonds*. The Series 2004B Bonds maturing on September 1, 2020 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, 2016, 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 2004B Bonds Due
September 1, 2020

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2016	$ 85,000
2017	90,000
2018	95,000
2019	100,000
2020*	105,000

* Maturity

The Series 2004B Bonds maturing on September 1, 2026 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, 2021, 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:

* Preliminary, subject to change.

Series 2004B Bonds Due
September 1, 2026

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2021	$105,000
2022	110,000
2023	115,000
2024	120,000
2025	130,000
2026*	135,000

* 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 Principal Account of the applicable Series 2004 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 Interest Account of the applicable Series 2004 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ANNUAL DEBT SERVICE REQUIREMENTS*

The following table sets forth, the debt service requirements for the Series 2004A Bonds and the Series 2004B Bonds and the total payments due on all of the Bonds.

	Series 2004A Bonds			Series 2004B Bonds			Grand Total
Year Ending September 1	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total	
2005	$ 340,00	$	$	$ 75,000	$	$	$
2006	215,000			65,000			
2007	215,000			65,000			
2008	225,000			70,000			
2009	230,000			70,000			
2010	235,000			70,000			
2011	250,000			75,000			
2012	260,000			75,000			
2013	265,000			80,000			
2014	280,000			80,000			
2015	295,000			85,000			
2016	305,000			85,000			
2017	320,000			90,000			
2018	335,000			95,000			
2019	3,105,000			100,000			
2020	680,000			105,000			
2021	715,000			105,000			
2022	850,000			110,000			
2023	805,000			115,000			
2024	835,000			120,000			
2025	885,000			130,000			
2026	5,355,000			135,000			

* Preliminary, subject to change.

For additional information regarding estimated tax increment revenues and projected debt service coverage on the Bonds, see "THE MERGED 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 MERGED PROJECT AREA – Merger and Amendment of the Project Areas" 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

Non-Housing Loan Agreement. The Non-Housing Loan and all Parity Debt will be equally and ratably secured by a pledge of, and lien on, all of the Pledged Tax Revenues and all amounts in the Special Fund for the Merged Project Area which lien is subordinate only to the Agency's obligations under the Senior Harbour Indenture and the Senior Merged Area Obligations. 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 Non-Housing Loan Agreement which, pursuant to the Trust Agreement, is assigned to the Trustee for the benefit of the bondowners.

More specifically, under the Non-Housing 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 Merged 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;

(d) the Senior Harbour Debt Service; and

(e) the Senior Merged Area Debt Service.

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 Non-Housing Loan Agreement, the Agency may issue or incur Parity Debt with respect to the Merged Project Area. See "Issuance of Parity Debt" below for a discussion of the issuance of Parity Debt by the Agency.

Housing Loan Agreement. The Housing Loan and all Parity Debt will be equally and ratably secured by a pledge of, and lien on, all of the Pledged Housing Set Aside Tax Revenues and all amounts in the Housing Fund for the Merged Project Area (except amounts required to pay the Senior Merged Area Housing Obligations) which lien is subordinate only to the Agency's obligations under the Senior Merged Area Housing Obligations. The Housing Fund is established and maintained by the Agency pursuant to the Redevelopment Law. The Agency will deposit all Pledged Housing Set Aside Tax Revenues into the Housing Fund. The Authority holds a security interest in the Housing Fund pursuant to the terms of the Housing Loan Agreement which, pursuant to the Trust Agreement, is assigned to the Trustee for the benefit of the bondowners.

More specifically, under the Housing Loan Agreement, "Pledged Housing Set Aside Tax Revenues" are defined to mean: an amount of not less than 20% of all taxes annually eligible for allocation to the Agency pursuant to the Redevelopment Law with respect to the Merged 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, received pursuant to Section 16111 of the California Government Code;

(b) the Senior Merged Area Housing Debt Service.

Under the terms of the Housing Loan Agreement, the Agency may issue or incur Parity Debt with respect to the Merged Project Area. See "Issuance of Parity Debt" below for a discussion of the issuance of Parity Debt by the Agency.

Issuance of Parity Debt

Non-Housing Loan Agreement. Under the Non-Housing 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 of the Non-Housing Loan Agreement, subject to certain conditions precedent, including, without limitation, a determination by the Agency that: (i) the Available Tax Revenues (as defined in the Non-Housing Loan Agreement) to be received by the Agency in the then current fiscal year and in each future Fiscal Year, based upon the most recent qualified assessment roll of the County, but taking into account the reductions in Available Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to the constituent project areas, are at least equal to one hundred forty percent 140% of Combined Annual Debt Service (as defined in the Non-Housing Loan Agreement) and (ii) no Event of Default under the Non-Housing 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 Merged Project Area shall have occurred and be continuing. See APPENDIX B – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LOAN AGREEMENT – Parity Debt."

Housing Loan Agreement. Under the Housing Loan Agreement, the Agency may at any time issue or incur Parity Debt payable from Pledged Housing Set Aside Tax Revenues and secured by a lien and charge on the Pledged Housing Set Aside Tax Revenues on a parity with the lien and charge on the Housing Loan Agreement, subject to certain conditions precedent, including, without limitation, a determination by the Agency that: (i) the Available Housing Set Aside Tax Revenues (as defined in the Housing Loan Agreement) to be received by the Agency in the then current fiscal year and in each future Fiscal Year, based upon the most recent qualified assessment roll of the County, but taking into account the reductions in Available Housing Set Aside Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to the constituent project areas, are at least equal to one hundred forty percent 140% of Combined Annual Debt Service (as defined in the Housing Loan Agreement) and (ii) no Event of Default under the Housing 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 Merged 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 Agreements

Non-Housing 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 Harbour Project Area. Although 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, the Agency has covenanted not to issue any such parity obligations so long as any portion of the Non-Housing Loan remains unpaid or any portion of the Series 2004A Bonds remains Outstanding, 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 the lien on that portion of the Pledged Tax Revenues derived from the Harbour Project Area and pledged to the repayment of the Series 2004A Non-Housing Loan Payments. For the fiscal year 2004-05, tax increment revenues from the Harbour Project Area are projected to represent 49% of the Available Tax Revenues. See "PROJECTED DEBT SERVICE COVERAGE" herein.

Under that certain Trust Agreement, dated as of November 1, 2000, by and between the Authority and Union Bank of California, N.A., San Francisco, California, as trustee (the "2000 Trust Agreement"),

the Authority issued its Housing Set-Aside Tax Allocation Revenue Bonds Series 2000A (Tax-Exempt) (the "2000A Bonds"), secured by a lien on tax increment revenues generated from taxable property within certain project areas within the Merged Project Area, defined in the Pre-2004 Loan Agreement (the "Pre-2004 Limit Area").

Under that certain 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 "2003 Trust Agreement"), the Authority issued the 2003 Bonds, secured by a lien on tax increment revenues generated from taxable property within certain project areas within the Merged Project Area, defined in the 2003 Loan Agreement and referred to herein as the "Post-2004 Limit Area."

The Pre-2004 Loan Agreement and the 2003 Loan Agreement (the "Senior Merged Area Obligations") are secured by liens which are senior in all respects to the lien on the Pledged Tax Revenues pledged to the Series 2004A Bonds.

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 October 1, 2004, the 1991 Bonds had a remaining principal balance of $260,000. 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 October 1, 2004, the 1998 Bonds had a remaining principal balance of $21,277,799. 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.

2000A Bonds. In November 2000, the Authority issued the 2000A Bonds. On October 1, 2004, the 2000A Bonds had a remaining principal balance of $23,455,000. The 2000A Bonds mature on September 1, 2029. The 2000A Bonds are special, limited obligations of the Authority and, except to the extent payable out of moneys attributable to the 2000A Bonds proceeds, are payable solely from a pledge on the tax revenues generated by the Pre-2004 Limit Areas. The 2000A Bonds are secured on a basis senior to the 2004A Bonds.

2003 Bonds. In August 2003, the Authority issued the 2003 Bonds. On October 1, 2004, the 2003A Bonds had a remaining principal balance of $16,080,000. On October 1, 2004, the 2003B Bonds had a remaining principal balance of $12,500,000. The 2003 Bonds mature on September 1, 2025. The 2003 Bonds are special, limited obligations of the Authority and, except to the extent payable out of moneys attributable to the 2003 Bonds proceeds, are payable solely from a pledge on the tax revenues generated by the Post-2004 Limit Areas. The 2003 Bonds are secured on a basis senior to the Series 2004A Bonds.

Housing Loan Agreement. Under the 2000 Trust Agreement, the Authority issued its Housing Set-Aside Tax Allocation Revenue Bonds Series 2000B (Taxable) (the "2000B Bonds"), secured by a lien on tax increment revenues generated from taxable property within the Pre-2004 Limit Area pledged under the Pre-2004 Loan Agreement to the repayment of the 2000B Bonds.

The Pre-2004 Loan Agreement, but only with respect to the payments thereunder required to be paid from amounts allocable to the Housing Fund in respect of the 2000B Bonds (the "Senior Merged Area Housing Obligations"), is secured by a lien which is senior in all respects to the lien on the Pledged Housing Set Aside Tax Revenues pledged to the Series 2004B Bonds.

2000B Bonds. In November 2000, the Authority issued the 2000B Bonds. On October 1, 2004, the 2000B Bonds had a remaining principal balance of $4,985,000. The 2000B Bonds mature on September 1, 2029. The 2000B Bonds are special, limited obligations of the Agency and, except to the extent payable out of moneys attributable to the 2000B Bonds proceeds, are payable solely from a pledge on the tax revenues generated by the Pre-2004 Limit Areas. The 2000B Bonds are secured on a basis senior to the 2004A Bonds.

Additional Senior Obligations

Non-Housing Loan Agreement. So long as any portion of the Non-Housing Loan remains unpaid or any portion of the Series 2004A Bonds remains Outstanding, the Agency has covenanted that it will not issue any debt or other obligation payable on parity with the Senior Harbour Indenture or the Senior Merged Area Obligations.

Housing Loan Agreement. So long as any portion of the Housing Loan remains unpaid or any portion of the Series 2004B Bonds remains Outstanding, the Agency has covenanted that it will not issue any debt or other obligation payable on parity with the Senior Merged Area Housing Obligations.

Deposit of Tax Revenues to Special Fund

The Agency has covenanted under the Non-Housing 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 Non-Housing Loan 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 Non-Housing Loan Agreement. All money on deposit in the Special Fund must be used to pay Debt Service on the Series 2004A Bonds. After making all the set-asides and payments required to be made under the Non-Housing 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 has covenanted to maintain the Special Fund so long as the Non-Housing 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 product of (i) the Non-Housing Share, times (ii) the principal of (including mandatory redemption payments) and interest on the Series 2004A Bonds due on such Interest Payment Date (the "Series 2004A Non-Housing Loan Payments"). The Series 2004A Non-Housing Loan Payments will be payable from all Pledged Tax Revenues. In the event that the Pledged Tax Revenues are insufficient to pay all Series 2004A Non-Housing Loan Payments and Parity Debt Service, the Agency will pay a portion of the Series 2004A Non-Housing Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004A Non-Housing Loan Payments and Parity Debt Service.

"Non-Housing Share" means a fraction, the numerator of which is sum of (i) the amount of proceeds of the Series 2004A Bonds deposited into the Series 2004A Non-Housing Project Account plus

(ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations and the denominator of which is the sum of (i) the amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account and the Series 2004A Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations, all as provided in the Trust Agreement. The Non-Housing Share, expressed as a percentage, is 78%*.

Deposit of Tax Revenues to Housing Fund

The Agency has covenanted under the Housing Loan Agreement that all Pledged Housing Set Aside 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 Housing Fund an amount of Pledged Housing Set Aside Tax Revenues equal to the Housing Loan Debt Service payable on March 1 of such fiscal year and September 1 of the next succeeding fiscal year. The Pledged Housing Set Aside 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 Housing Fund (except amounts required to pay the Senior Merged Area Housing Debt) is pledged and a security interest granted therein and all money on deposit in the Housing Fund (except amounts required to pay the Senior Merged Area Housing Debt) must be applied and used only as provided under the Housing Loan Agreement. After making all the set-asides and payments required to be made under the Housing Loan Agreement in each fiscal year, the Agency may expend in such fiscal year any remaining money in the Housing Fund for any lawful purpose of the Agency. The Agency has covenanted to maintain the Housing Fund so long as the Housing Loan remains unpaid.

At least 15 days prior to each Interest Payment Date, the Agency will transfer to the Trustee from the Housing Fund an amount equal to the product of (i) the Housing Share times (ii) an amount equal to the principal of (including mandatory redemption payments) and interest on the Series 2004A Bonds due on such Interest Payment Date (the "Series 2004A Housing Loan Payments"). The Series 2004A Housing Loan Payments will be payable from all Pledged Housing Set Aside Tax Revenues. In the event that the Pledged Housing Set Aside Tax Revenues are insufficient to pay all Series 2004A Housing Loan Payments and Parity Debt Service, the Agency will pay a portion of the Series 2004A Housing Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004A Housing Loan Payments and Parity Debt Service.

"Housing Share" means a fraction, the numerator of which is the amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Housing Project Account and the denominator of which is the sum of (i) amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account and the Series 2004A Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations, all as provided in the Trust Agreement. The Housing Share, expressed as a percentage, is 22%*.

At least 15 days prior to each Interest Payment Date, the Agency will transfer to the Trustee from the Housing Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Series 2004B Bonds due on such Interest Payment Date (the "Series 2004B Housing Loan Payments"). The Series 2004B Housing Loan Payments will be payable from all Pledged Housing Set Aside Tax Revenues. In the event that the Pledged Housing Set Aside Tax Revenues are insufficient to pay all Series 2004B Housing Loan Payments and Parity Debt Service, the Agency will pay a portion of the Series 2004B Housing Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004B Housing Loan Payments and Parity Debt Service.

* Preliminary, subject to change.

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 Agreements 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 Agreements 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 Agreements.

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 Agreements. The Non-Housing Loan is secured, and therefore the Series 2004A Bonds are secured, by a pledge of the Pledged Tax Revenues and the Pledged Housing Set Aside Tax Revenues. The Housing Loan is secured, and therefore the Series 2004B Bonds are secured, by a pledge of the Pledged Housing Set Aside 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 respective Loans in full. All money in the Reserve Accounts will be used and withdrawn by the Trustee solely to pay principal of and interest on the Bonds in the event of any deficiency at any time in the Interest Account or Principal Account of the applicable Revenue Fund established under the Trust Agreement. In the event of a partial redemption of any 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 Bonds of such Series after such redemption. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Pledge of Revenues."

Under the Trust Agreement, the Authority may satisfy each 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 each Reserve Account. Any such surety bond or insurance policy shall be issued 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") the claims-paying ability of which is rated in the highest rating categories issued by each of Moody's Investors Service ("Moody's") and Standard & Poor's Corporation, a division of the McGraw Hill Companies, Inc. ("Standard & Poor's" and, together with Moody's, the "Rating Agencies" and each a "Rating Agency") and any letter of credit shall 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 of each Rating Agency 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. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Pledge of Revenues – Reserve Surety Policies and Letters of Credit" herein.

DESCRIPTION OF THE INSURER

The following information has been supplied by the Insurer for inclusion in this Official Statement. No representation is made by the Authority or the Agency as to the accuracy or completeness of the information.

The Insurer accepts no responsibility for the accuracy or completeness of this Official Statement or any other information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer and its affiliates set forth under this heading. In addition, the Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

General

XL Capital Assurance Inc. (the "Insurer" or "XLCA") is a monoline financial guaranty insurance company incorporated under the laws of the State of New York. The Insurer is currently licensed to do insurance business in, and is subject to the insurance regulation and supervision by, the State of New York, forty-eight other states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Singapore. The Insurer has a license application pending with the State of Wyoming, the only state in which it is not currently licensed.

The Insurer is an indirect wholly owned subsidiary of XL Capital Ltd, a Cayman Islands corporation ("XL Capital Ltd"). Through its subsidiaries, XL Capital Ltd is a leading provider of insurance and reinsurance coverages and financial products to industrial, commercial and professional service firms, insurance companies and other enterprises on a worldwide basis. The common stock of XL Capital Ltd is publicly traded in the United States and listed on the New York Stock Exchange (NYSE: XL). **XL Capital Ltd is not obligated to pay the debts of or claims against the Insurer.**

The Insurer was formerly known as The London Assurance of America Inc. ("London"), which was incorporated on July 25, 1991 under the laws of the State of New York. On February 22, 2001, XL Reinsurance America Inc. ("XL Re") acquired 100% of the stock of London. XL Re merged its former financial guaranty subsidiary, known as XL Capital Assurance Inc. (formed September 13, 1999) with and into London, with London as the surviving entity. London immediately changed its name to XL Capital Assurance Inc. All previous business of London was 100% reinsured to Royal Indemnity Company, the previous owner at the time of acquisition.

Reinsurance

The Insurer has entered into a facultative quota share reinsurance agreement with XL Financial Assurance Ltd ("XLFA"), an insurance company organized under the laws of Bermuda, and an affiliate of the Insurer. Pursuant to this reinsurance agreement, the Insurer expects to cede up to 90% of its business to XLFA. The Insurer may also cede reinsurance to third parties on a transaction-specific basis, which cessions may be any or a combination of quota share, first loss or excess of loss. Such reinsurance is used by the Insurer as a risk management device and to comply with statutory and rating agency requirements and does not alter or limit the Insurer's obligations under any financial guaranty insurance policy. With respect to any transaction insured by XLCA, the percentage of risk ceded to XLFA may be less than 90% depending on certain factors including, without limitation, whether XLCA has obtained third party reinsurance covering the risk. As a result, there can be no assurance as to the percentage reinsured by XLFA of any given financial guaranty insurance policy issued by XLCA, including the Financial Guaranty Insurance Policy.

Based on the audited financials of XLFA, as of December 31, 2003, XLFA had total assets, liabilities, redeemable preferred shares and shareholders' equity of $831,762,000, $401,123,000, $39,000,000 and $391,639,000, respectively, determined in accordance with generally accepted accounting principles in the United States. XLFA's insurance financial strength is rated "Aaa" by Moody's and "AAA" by S&P and Fitch Inc. In addition, XLFA has obtained a financial enhancement rating of "AAA" from S&P.

The obligations of XLFA to the Insurer under the reinsurance agreement described above are unconditionally guaranteed by XL Insurance (Bermuda) Ltd ("XLI"), a Bermuda company and one of the world's leading excess commercial insurers. XLI is a wholly owned indirect subsidiary of XL Capital Ltd. In addition to A.M. Best's rating of "A+" (Negative Outlook), XLI's insurance financial strength rating is "Aa2" by Moody's, "AA-" by Standard & Poor's and "AA" by Fitch. The ratings of XLFA and XLI are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch.

Notwithstanding the capital support provided to the Insurer described in this section, the Bondholders will have direct recourse against the Insurer only, and neither XLFA nor XLI will be directly liable to the Bondholders.

Financial Strength and Financial Enhancement Ratings of XLCA

The Insurer's insurance financial strength is rated "Aaa" by Moody's and "AAA" by Standard & Poor's and Fitch, Inc. ("Fitch"). In addition, XLCA has obtained a financial enhancement rating of "AAA" from Standard & Poor's. These ratings reflect Moody's, Standard & Poor's and Fitch's current assessment of the Insurer's creditworthiness and claims-paying ability as well as the reinsurance arrangement with XLFA described under "Reinsurance" above.

The above ratings are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch. Any downward revision or withdrawal of these 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.

Capitalization of the Insurer

Based on the audited statutory financial statements for XLCA as of December 31, 2002 filed with the State of New York Insurance Department, XLCA has total admitted assets of $180,993,189, total liabilities of $58,685,217 and total capital and surplus of $122,307,972 determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities ("SAP"). Based on the audited statutory financial statements for XLCA as of December 31, 2003 filed with the State of New York Insurance Department, XLCA has total admitted assets of $329,701,823, total liabilities of $121,635,535 and total capital and surplus of $208,066,288 determined in accordance with SAP.

For further information concerning XLCA and XLFA, see the financial statements of XLCA and XLFA, and the notes thereto, incorporated by reference in this Official Statement. The financial statements of XLCA and XLFA are included as exhibits to the periodic reports filed with the Securities and Exchange Commission (the "Commission") by XL Capital Ltd and may be reviewed at the EDGAR website maintained by the Commission. All financial statements of XLCA and XLFA included in, or as exhibits to, documents filed by XL Capital Ltd pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or prior to the date of this Official Statement, or after the date of this Official Statement but prior to termination of the offering of the Bonds, shall be deemed incorporated by

reference in this Official Statement. Except for the financial statements of XLCA and XLFA, no other information contained in XL Capital Ltd's reports filed with the Commission is incorporated by reference. Copies of the statutory quarterly and annual statements filed with the State of New York Insurance Department by XLCA are available upon request to the State of New York Insurance Department.

Regulation of the Insurer

The Insurer is regulated by the Superintendent of Insurance of the State of New York. In addition, the Insurer is subject to regulation by the insurance laws and regulations of the other jurisdictions in which it is licensed. As a financial guaranty insurance company licensed in the State of New York, the Insurer is subject to Article 69 of the New York Insurance Law, which, among other things, limits the business of each insurer to financial guaranty insurance and related lines, prescribes minimum standards of solvency, including minimum capital requirements, establishes contingency, loss and unearned premium reserve requirements, requires the maintenance of minimum surplus to policyholders and limits the aggregate amount of insurance which may be written and the maximum size of any single risk exposure which may be assumed. The Insurer is also required to file detailed annual financial statements with the New York Insurance Department and similar supervisory agencies in each of the other jurisdictions in which it is licensed.

The extent of state insurance regulation and supervision varies by jurisdiction, but New York and most other jurisdictions have laws and regulations prescribing permitted investments and governing the payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets and incurrence of liabilities for borrowings.

THE FINANCIAL GUARANTY INSURANCE POLICIES ISSUED BY THE INSURER, INCLUDING THE FINANCIAL GUARANTY INSURANCE POLICY, ARE NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

The principal executive offices of the Insurer are located at 1221 Avenue of the Americas, New York, New York 10020 and its telephone number at this address is (212) 478-3400.

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, 2003 are attached hereto as Appendix H. The fiscal year 2002-03 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 2002-03 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, 2003" 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, 2006
Mindell Lewis Penn	Vice Chair	November 17, 2004
Nathaniel Bates	Member	November 17, 2004
Charles H. Belcher	Member	November 17, 2004
Gary Bell	Member	November 17, 2004
Richard L. Griffin	Member	November 21, 2006
Thomas K. Butt	Member	November 17, 2004
Jim Rogers	Member	November 21, 2006
Maria Viramontes	Member	November 21, 2006

A discussion of senior management of the Agency and City and their respective positions and duties follows.

Phil Batchelor, is the Chief Executive Officer of the Agency and City Manager of the City. Mr. Batchelor was formerly the County Administrator of Contra Costa County for more than 20 years where he oversaw the criminal justice system, health, hospital and clinic system, general services, social services and employment, planning, transportation and community development, public works, fire protection, building inspection, libraries, finance, and a variety of other departments. He was also the Assistant County Executive, the Director of Revenue and Systems Agency, the Director of Personnel and Administration Agency, the Personnel Director, and the Budget Director of Santa Clara County. Mr. Batchelor received his M.B.A. and B.S. in Accounting from San Jose State University, and has a lifetime teaching credential for California Community Colleges in the areas of Business, Industrial Management and Public Administration. He has also taught or lectured at Berkeley, Stanford, San Jose State University, John F. Kennedy University, and Hayward State University.

Steve Duran, Executive 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.

Recent Developments

The City of Richmond has experienced significant financial and operating difficulties over the past several fiscal years. As a result of the uncertainty over the City's financial condition and the impact of the deficits in the pooled cash account, on January 13, 2004, Standard & Poor's suspended the Agency's credit ratings. The City announced in March of 2004 that it had a significant deficit in its pooled cash investment account as a result of negative balances for the general fund of the City as well as several special funds, all of which were held in the pooled cash account. The Agency's funds were also held in the City's pooled cash account, but had a positive balance. In March of 2004, Moody's Investors Service also suspended the Agency's credit ratings.

In June of 2004, the City Council, in its own capacity and in its capacity as the governing board of the Agency, took the following actions:

- Amended the Agency's Bylaws to require that all Agency funds be held in accounts separate and distinct from any City funds, and not commingled with any City funds;

- Appointed a Redevelopment Director who is not otherwise an employee of the City and gave the Director power to approve all expenditures of Agency funds (along with the Treasurer of the Agency, who is also the Finance Director of the City).

- Authorized and directed the Agency to pay the remaining amount of approximately $6,350,000 of debt owed to the City (which will be funded from the proceeds of the Series 2004A Bonds). In 2003, the Agency paid $18,000,000 to the City for this same loan out of the proceeds of the Series 2003A and Series 2003B Bonds. The final payment of approximately $6,350,000 will result in extinguishment of all obligations owed by the Agency to the City.

As of October 1, 2004, the Agency had a general fund balance of $2,500,618, and a balance of $3,404,979 restricted for housing purposes in the Agency's Low- and Moderate-Income Housing Fund.

On October 1, 2004, Standard & Poor's restored the Agency's credit rating on its Outstanding Bonds, and assigned an "A-" underlying rating on the Bonds secured by the Merged Project Area. The Agency believes that, as a result of the actions taken in June 2004 and the estimated tax increment and other revenues to be received by the Agency, the Agency will be able to meet all of its debt service obligations, continue to aggressively pursue its redevelopment programs and activities, and maintain financial stability into the future.

THE MERGED 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 Areas

The Agency amended and merged together nine of its project areas for financial and time limit purposes which together constitute the "Merged Project Area". 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 does not affect the senior pledge of tax increment revenues derived from the Harbour Project Area to the repayment of the Senior Harbour 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, subject to certain exceptions, no redevelopment agency 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 requirements for a normal plan amendment. The legislative body need only adopt an ordinance to delete the debt incurrence limit per SB 211. The Agency has deleted the debt incurrence limit from certain project areas, as shown below. Due to the SB 211 amendment, the required amount of AB 1290 pass through payments was increased for the 10A Downtown Project Area. Payments will be triggered in 2004-05, which is six years sooner than would be required if the SB 211 amendment were not processed. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – SB 211" herein.

The Redevelopment Law was further amended by SB 1045 (chaptered as Chapter 260, Statutes of 2003) which authorizes a legislative body to adopt an ordinance to amend a redevelopment plan to extend by one year the time limit for the effectiveness of the plan and the time limit to pay indebtedness and receive property taxes, without the need to comply with the normal procedures and restrictions contained in the Redevelopment Law relating to the amendment of redevelopment plans. The Agency is currently in the process of amending the Redevelopment Plan as authorized by SB 1045.

Time Limits. The constituent project areas have various time limits for incurring 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 Merged Project Area.

Constituent Project Area	Primary Land Use	Acres	Original Adoption	Last Date to Incur Debt	Time Limit for Plan[1]	Time Limit for TI[2] Receipt
Pre-2004 Limit Area						
1A Eastshore	Residential	123	8/26/1957	Deleted[3]	1/1/2010	1/1/2020
1C Potrero	Residential	150	4/4/1960	Deleted[3]	1/1/2010	1/1/2020
3A Galvin	Industrial	95	2/28/1955	Deleted[3]	1/1/2010	1/1/2020
6A Harbor Gate (Original)	Industrial	118	11/8/1954	Deleted[3]	1/1/2010	1/1/2020
8A Hensley (Original)	Industrial	90.5	5/29/1960	Deleted[3]	1/1/2010	1/1/2020
8A Hensley (1980 Area)	Industrial	23.5	3/31/1980	Deleted[3]	3/31/2021	3/31/2031
10A Downtown	Commercial	107	5/23/1966	Deleted[3]	1/1/2010	1/1/2020
10B Nevin	Residential	17	9/18/1972	Deleted[3]	9/18/2013	9/28/2023
12A North Richmond	Commercial	19	9/18/1972	Deleted[3]	9/18/2013	9/18/2023
Post-2004 Limit Area						
1A Eastshore	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)	Residential	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)	Commercial	10	7/13/1999	7/13/2019	7/13/2029	7/13/2044
11A Harbour	Commercial	964	6/09/1975	Deleted[2]	6/09/2016	6/09/2025

[1] Assumes the SB 1045 amendments will be approved.
[2] Tax Increment. Assumes the SB 1045 amendments will be approved.
[3] The debt incurrence limit for this project area was 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 2003-04 fiscal year, the Consultant estimated that the Agency received $129.2 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 October 2004, the Agency had approximately $78.6 million in bonds outstanding. See "APPENDIX G – FISCAL CONSULTANT REPORT."

The Constituent Project Areas

A description of the current and future development within the Merged 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.

Eastshore Project Area. The Eastshore Project Area is comprised of 137 acres, including 14 acres added to this project area as part of the 1999 Amendments. The 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 at this time. The following activity is planned:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Provide assistance in the removal or rehabilitation of structurally substandard buildings.
- Establish a facade improvement program for existing businesses.

Galvin 3A Project Area. The Galvin Project Area is a 95-acre light industrial development containing distribution facilities, light assembly and research and development businesses. The Agency does not receive tax increment from personal property in the Galvin Project Area as further described in "BOND OWNERS' RISKS - Tax Collection Agreement." Redevelopment activities have included an extension of Standard Avenue, the construction and rehabilitation of streets, right-of-way acquisition and installation and upgrades to storm and sanitary sewers, water and utility lines, street lighting and infrastructure. The following activity is planned:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.

Harbor Gate Project Area. The Harbor Gate Project Area is comprised of 750 acres, including 16 acres added as part of the 1999 Amendments and 616 acres added by the 1995 amendment. This acreage is all characterized by underdeveloped/underutilized property, inadequate infrastructure and obsolete parcelization. The Agency does not receive tax increment from personal property in the Harbor Gate Project Area as further described in "BOND OWNERS' RISKS - Tax Collection Agreement."

Projects completed or under construction 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, no major projects are under review by the Agency or City at this time. The following activity is planned:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Complete the public improvement program for the South Richmond Shoreline area.
- Implement activities to provide for continued residential, commercial, industrial and research and development (R&D) projects.
- Assist with the removal and rehabilitation of structurally substandard buildings and consolidate irregularly shaped parcels.
- Continue to provide assistance for improvements to railroad crossing protection and safety upgrades.
- Assist in the remediation of contaminated property.
- Facilitate the redevelopment of underutilized waterfront property.

Hensley Project Area. The Hensley Project Area is comprised of 1,001 acres, including 887 acres added to this project area as part of the 1999 Amendments. The 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 for commercial and residential uses. The following activity is planned:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Facilitate development of high quality light industrial/R&D, commercial and residential development.
- Assist in the remediation of contaminated property.

Downtown Project Area. The Downtown Project Area is comprised of 281 acres, including 174 acres added to this project area as part of the 1999 Amendments. The 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 store along with another 30,000 square foot retail anchor and approximately 22,000 square feet of retail shops. A vision plan, the "Macdonald Avenue Economic Revitalization Plan," has been completed and will be the basis for additional residential and retail development within walking distance of the BART/Amtrak station in this project area. Additional planned activity includes:

- Alleviate physical and economic blighting conditions.

- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Assist with the removal and rehabilitation of structurally substandard buildings and consolidate irregularly shaped parcels.
- Facilitate the development of new retail services to serve local residents and businesses.
- Implement the Macdonald Avenue Economic Revitalization Plan.
- Create and implement a façade improvement program.

Nevin Center Project Area. The Nevin Center Project Area is comprised of 17 acres, including 10 acres added to this project area as part of the 1999 Amendments. The new acreage is characterized by vacant lots, abandoned buildings and underutilized facilities. Plans in this area include residential development and the revitalization of Nevin Park. Additional activity planned includes:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Assist with the removal and rehabilitation of structurally substandard buildings and consolidate irregularly shaped parcels.
- Implement the Macdonald Avenue Revitalization Plan.

North Richmond 12A Project Area. The North Richmond Project Area is comprised of 19 acres. This project area is located in the northern portion of the City. Agency activities in the North Richmond Project Area have focused on the construction and rehabilitation of housing units. The Agency plans to continue the rehabilitation of affordable housing; improve safety and security in the neighborhood; and construct public infrastructure, including specific utility undergrounding and street improvements. Other planned activities include:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.

Potrero 1C Project Area. The Potrero Project Area is a 150-acre residential project that was redeveloped with housing and various public improvements, including the Richmond Swim Complex. The major roadway through the Potrero Project Area is Cutting Boulevard. The Agency has made significant progress in achieving the Redevelopment Plan goals in the Potrero Project Area. This project area, along with the adjacent Eastshore Project Area, are part of the City's improvement and beautification program. A major housing development has been completed: Eastshore Manor I and Eastshore Manor II, all of which are provided for low and moderate income households contributing to the Agency's low and moderate income housing supply. Another significant project, the Richmond Swim Complex, opened in 1999. The following activity is planned:

- Alleviate physical and economic blighting conditions.

- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Assist with the improvement and upgrade of Carlson and Cutting Boulevards.
- Construct/rehabilitate public infrastructure and public facility improvements to stimulate new development.

Harbour Project Area. The 1,103-acre Harbour Project Area, is denominated on the Map as "VI Harbour." 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 completed or in progress include 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, remediation of certain properties located in the Harbour Project Area and assistance 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. Two projects moving forward include: (i) Signature Properties is under contract to build approximately 130 townhomes and over 20,000 square feet of retail space on the "North Shore" of Marina Bay and (ii) Toll Brothers is under contract to build approximately 250 condominiums on the "West Shore" of Marina Bay.

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. It 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 Merged Project Area included in the Consultant Report, attached hereto as Appendix G, provide an additional source of tax revenues during the forecast period of the report. Since some of these projects are under development, there can be no assurance that the 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 two 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 in contract with Orton Development 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 into approximately 250 high-end residential condominiums, many of which will have San Francisco Bay views. The project is in the planning stage of development and is expected to be under construction in 2005. Additional planned activities include:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Facilitate development of high quality light industrial/R&D, commercial and residential development.
- Facilitate the development of new retail services to serve local residents and businesses.
- Continue to provide assistance for improvements to railroad crossing protection and safety upgrades.

Taxable Values and Tax Increment Revenues

For the Merged 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 1999-2000 to 2003-04, the ten major property tax assessees and a projection of incremental tax revenue from fiscal years 2004-05 to 2029-30. Tax increment revenues may be reduced in the future as a result of a number of factors. See "BOND OWNERS' RISKS" herein.

TABLE 1
Richmond Redevelopment Agency
Historical Taxable Values and Tax Increment Revenues
Merged Project Area

Description	2000/01	2001/02	% Change	2002/03	% Change	2003/04	% Change	(2) 2004/05	% Change
Secured	1,089,057,719	1,195,306,251	9.76%	1,291,592,180	8.06%	1,385,790,906	7.29%	1,451,720,473	4.76%
Utility Roll	3,468,123	3,593,611	3.62%	3,421,975	-4.78%	5,995,261	75.20%	3,279,581	-45.30%
Unsecured	109,817,153	123,584,589	12.54%	118,004,091	-4.52%	128,938,843	9.27%	163,232,370	26.60%
TOTAL VALUE	1,202,342,995	1,322,484,451	9.99%	1,413,018,246	6.85%	1,520,725,010	7.62%	1,618,232,424	6.41%
Base Year Value	426,143,038	426,143,038		426,143,038		426,143,038		426,143,038	
Incremental Value	776,199,957	896,341,413		986,875,208		1,094,581,972		1,192,089,386	
Tax Incremental Levy	8,900,370	10,283,753		11,613,183		12,541,764		N/A	
Unitary Revenue	106,481	100,701		114,595		119,645		N/A	
Less Pass Through	0	(15,038)		(178,245)		(239,420)		N/A	
Less Admin Fee	(93,781)	(99,968)		(126,128)		(113,439)		N/A	
TOTAL LEVY	$8,913,071	$10,269,448		$11,423,405		$12,30,550		N/A	
Actual Receipts, less Supplemental Revenue	8,989,158	10,158,845		11,426,222		12,301,423		N/A	
PERCENTAGE OF LEVY	100.85%	98.92%		100.02%		99.94%		N/A	
Supplemental Revenues	411,842	456,913		857,864		441,053		N/A	
TOTAL RECEIPTS	9,401,000	10,615,758		12,284,086		12,742,476		N/A	
PERCENTAGE OF LEVY	105.47%	103.37%		107.53%		103.53%		N/A	

Total Percentage Assessed Value Change from 2000/01 to 2004/05	34.59%
Average Percentage Assessed Value Change from 2000/01 to 2004/05	7.71%
Average Receipts as a Percentage of Levy Without Supplementals (2000/01 to 2004/05)	99.91%
Average Receipts as a Percentage of Levy With Supplementals (2000/01 to 2004/05)	104.96%

Source: Fraser & Associates

TABLE 2
Ten Major Property Tax Assessees
Merged Project Area

Assessee	Types of Use	2004-05 Taxable Value[1]	% of Total Value[2]
Dicon Fiberoptics Inc.[3]	Industrial	$ 62,567,458	3.87%
Security Capital Pacific Trust	Residential	45,617,331	2.82
Cherokee Simeon Venture	Commercial	42,958,007	2.65
BP West Coast Products[3]	Industrial	27,951,154	1.73
The Hearst Corporation[3]	Newspaper	27,672,747	1.71
California Fats & Oils Inc.	Industrial	27,431,138	1.70
Rafanelli & Namas LP	Residential	24,162,985	1.49
Richmond Marina Shores II	Residential	24,041,762	1.49
Kaiser Foundation Hospital[4]	Hospital	23,537,508	1.45
Tosco Corporation	Industrial	23,208,158	1.43
Total Valuation		**$329,148,248**	**20.34%**

[1] Based on ownership of locally-assessed secured and unsecured property.
[2] Based on 2004-05 Merged Project Area taxable value of $1,618,232,424 and incremental value of $1,192,089,386.
[3] Each of these property owners have outstanding appeals.
[4] Approximately $9.0 million of the value that is shown is expected to be tax exempt in 2005-06.
Source: Fraser & Associates.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 3
Richmond Redevelopment Agency
Projection of Incremental Tax Revenue
Merged 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 $385,684	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	Available Tax Revenues
2004-2005	N/A	N/A	$1,483,164	$135,069	$1,618,232	$1,192,089	$13,590	$87	$13,676	$137	$2,735	$551	$2,337	$7,917
2005-2006	$1,477,478	21,972	1,499,450	135,069	1,634,519	1,208,376	13,775	87	13,862	139	2,772	601	2,337	8,013
2006-2007	1,527,445	12,531	1,539,976	135,069	1,675,044	1,248,901	14,237	87	14,324	143	2,865	697	2,337	8,282
2007-2008	1,568,727	0	1,568,727	135,069	1,703,796	1,277,653	14,565	87	14,652	146	2,930	772	2,337	8,467
2008-2009	1,598,015	0	1,598,015	135,069	1,733,084	1,306,941	14,899	87	14,986	150	2,997	848	2,337	8,655
2009-2010	1,627,850	0	1,627,850	135,069	1,762,919	1,336,776	15,239	87	15,326	153	3,065	925	2,337	8,846
2010-2011	1,658,242	0	1,658,242	135,069	1,793,311	1,367,168	15,586	87	15,672	157	3,134	1,008	2,337	9,037
2011-2012	1,689,201	0	1,689,201	135,069	1,824,270	1,398,127	15,939	87	16,025	160	3,205	1,105	2,337	9,219
2012-2013	1,720,739	0	1,720,739	135,069	1,855,807	1,429,664	16,298	87	16,385	164	3,277	1,203	2,337	9,404
2013-2014	1,752,865	0	1,752,865	135,069	1,887,934	1,461,791	16,664	87	16,751	167	3,350	1,304	2,337	9,593
2014-2015	1,785,591	0	1,785,591	135,069	1,920,660	1,494,517	17,037	87	17,124	171	3,425	1,438	2,337	9,753
2015-2016	1,818,928	0	1,818,928	135,069	1,953,997	1,527,854	17,418	87	17,504	175	3,501	1,575	2,337	9,917
2016-2017	1,852,887	0	1,852,887	135,069	1,987,956	1,561,813	17,805	87	17,891	179	3,578	1,715	2,337	10,083
2017-2018	1,887,481	0	1,887,481	135,069	2,022,549	1,596,406	18,199	87	18,286	183	3,657	1,857	2,337	10,252
2018-2019	1,922,720	0	1,922,720	135,069	2,057,789	1,631,646	18,601	87	18,687	187	3,737	2,002	2,337	10,425
2019-2020	1,427,101	0	1,427,101	110,362	1,537,463	1,149,783	13,108	34	13,142	131	2,628	1,433	2,337	6,612
2020-2021	1,453,745	0	1,453,745	110,362	1,564,107	1,176,427	13,411	34	13,445	134	2,689	1,545	2,337	6,740
2021-2022	1,480,887	0	1,480,887	110,362	1,591,248	1,203,569	13,721	34	13,755	138	2,751	1,659	2,337	6,871
2022-2023	1,486,891	0	1,486,891	110,341	1,597,232	1,211,281	13,809	30	13,839	138	2,768	1,743	2,337	6,853
2023-2024	1,514,651	0	1,514,651	110,341	1,624,992	1,239,041	14,125	30	14,155	142	2,831	1,860	0	9,323
2024-2025	1,542,930	0	1,542,930	110,341	1,653,271	1,267,320	14,447	30	14,478	145	2,896	1,978	0	9,459
2025-2026	1,571,736	0	1,571,736	110,341	1,682,077	1,296,126	14,776	30	14,806	148	2,961	2,099	0	9,597
2026-2027	625,875	0	625,875	28,766	654,641	319,743	3,645	1	3,646	36	729	1,047	0	1,833
2027-2028	637,561	0	637,561	28,766	666,326	331,428	3,778	1	3,779	38	756	1,096	0	1,889
2028-2029	649,464	0	649,464	28,766	678,229	343,331	3,914	1	3,915	39	783	1,151	0	1,942
2029-2030	661,589	0	661,589	28,766	690,355	355,457	4,052	1	4,053	41	811	1,207	0	1,995

(1) Prior year real property values increased by 1.867 percent per year. The value for 2005-06 has been reduced for exempt property and appeals.
(2) Based on Transit Village development.
(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
(4) Based on the application of Merged Project Area tax rates to the total incremental taxable value.
(5) Based on amount reported by Contra Costa County for 2003-04.
(6) Property tax administration fees are based on 1 percent of tax increment, which is the percentage that such fees represented in 2003-04.
(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 Merged Project Area (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated October 7, 2004. 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 4
Richmond Redevelopment Agency
Merged Project Area
Direct and Overlapping Debt Report

2004-05 Assessed Valuation:	$1,626,504,432 (1)
Base Year Valuation:	426,254,862
Incremental Valuation:	$1,200,249,570

DIRECT DEBT:	% Applicable (2)	Debt 10/1/04
Project 1B 1995 Refunding Marks-Roos Act Bonds	100. %	$ 239,112
Project 1C 1995 Refunding Marks-Roos Act Bonds	100.	1,640,328
Project 3A 1995 Refunding Marks-Roos Act Bonds	100.	1,400,560
Project 11A 1991 Refunding Tax Allocation Bonds	100.	260,000
Project 11A 1998 Refunding Tax Allocation Bonds	100.	21,277,779
TOTAL DIRECT DEBT		$24,817,739(3)

Ratio to Incremental Valuation: 2.07%

OVERLAPPING TAX AND ASSESSMENT DEBT:		
Contra Costa Community College District	1.430%	$ 666,380
West Contra Costa Unified School District	8.785	33,526,580
East Bay Municipal Utility District	0.385	15,169
East Bay Municipal Utility District, Special District No. 1	0.048	19,354
East Bay Regional Park	0.646	945,324
City of Richmond Community Facilities District No. 1998-1	100.	4,165,000
City of Richmond Harbor Navigation District, I.D. No. 1	72.839	1,234,621
City of Richmond I.D. No. 852	44.913	1,356,997
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$41,929,425
Less: East Bay Municipal Utility District		15,169
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$41,914,256

OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Contra Costa County General Fund Obligations	0.446%	$1,463,950
Contra Costa County Pension Obligations	0.446	2,538,721
Contra Costa County Board of Education Certificates of Participation	0.446	9,188
Alameda-Contra Costa Transit District Certificates of Participation	0.404	83,769
Contra Costa Community College District Certificates of Participation	0.447	5,856
West Contra Costa Unified School District Certificates of Participation	3.051	293,811
City of Richmond General Fund Obligations	5.624	2,639,175
City of Richmond Pension Obligations	5.624	1,474,894
Contra Costa County Mosquito Abatement District Certificates of Participation	0.446	2,498
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT		$8,511,862

GROSS COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	$75,259,026(4)
NET COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	$75,243,857

(1) Excludes Richmond 11A 2000 Project Area.
(2) Based on 2003-04 ratios.
(3) Excludes tax allocation bonds to be sold.
(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations

Ratios to 2004-05 Assessed Valuation:
Gross Combined Total Direct and Overlapping Debt 4.63%
Net Combined Total Direct and Overlapping Debt.....4.63%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: $0

Source: California Municipal Statistics, Inc.

PROJECTED DEBT SERVICE COVERAGE

The following tables present the projected debt service coverage on the Loan Payments related to each Series of Bonds. Tables 5 and 6 present the Available Tax Revenues and payments under the Pre-2004 Loan Agreement, the 2003 Loan Agreement and the Non-Housing Loan Agreement and the debt service coverage ratio. Tables 7 and 8 present the Available Housing Set-Aside Tax Revenues and payments under the Pre-2004 Loan Agreement (but only with respect to the payments thereunder required to be paid from amounts allocable to the Agency's Housing Fund in respect of the 2000B Bonds and the Housing Loan Agreement and the debt service coverage ratio. There are no assurances that actual Available Tax Revenues and Available Housing Set-Aside Tax Revenues will be equal to the amounts projected. See "BOND OWNERS' RISKS" herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 5
Richmond Joint Powers Financing Authority
Tax Revenues
Projected Debt Service Coverage
(Assuming No Growth in Assessed Value)

Fiscal Year	Available Tax Revenues[1]	Pre-2004 Loan Payments[2]	2003 Loan Payments[2]	Series 2004A Non-Housing Loan Payments[3]	Total Debt Service Coverage[3]
2005-2006	$7,916,989.00	$2,353,707.50	$1,515,770.50	$612,148.88	1.77x
2006-2007	7,916,989.00	2,354,707.50	1,515,770.50	612,388.50	1.77x
2007-2008	7,917,078.00	2,351,997.50	1,515,770.50	609,923.50	1.77x
2008-2009	7,917,078.00	2,353,272.50	2,295,770.50	612,144.00	1.50x
2009-2010	7,917,078.00	2,351,610.00	2,298,252.50	608,904.00	1.51x
2010-2011	7,917,078.00	2,353,470.00	2,297,413.50	610,376.00	1.50x
2011-2012	7,917,078.00	2,355,970.00	2,293,085.50	611,443.00	1.51x
2012-2013	7,917,078.00	2,353,750.00	2,299,125.50	612,093.00	1.50x
2013-2014	7,917,078.00	2,351,670.00	2,297,128.00	607,326.00	1.51x
2014-2015	7,917,078.00	2,354,350.00	2,296,378.50	612,380.50	1.50x
2015-2016	7,917,078.00	2,351,150.00	2,296,311.50	611,849.00	1.51x
2016-2017	7,917,078.00	2,351,900.00	2,292,329.50	610,981.00	1.51x
2017-2018	7,917,078.00	2,353,000.00	2,295,689.50	609,456.00	1.51x
2018-2019	7,917,078.00	2,353,050.00	2,295,941.50	607,670.00	1.51x
2019-2020	7,917,078.00	106,775.00	2,747,230.00	2,800,623.00	1.40x
2020-2021	4,772,654.00	112,575.00	2,748,425.00	543,736.00	1.40x
2021-2022	4,772,654.00	112,850.00	2,748,845.00	543,296.00	1.40x
2022-2023	4,772,654.00	37,862.50	2,748,227.50	621,473.00	1.40x
2023-2024	4,656,324.00	36,550.00	2,746,310.00	539,583.00	1.40x
2024-2025	6,992,886.00	40,237.50	4,423,815.00	526,352.50	1.40x
2025-2026	6,992,886.00	38,662.50	4,425,815.00	528,122.00	1.40x
2026-2027	6,992,886.00	37,087.50	-	4,954,047.00	1.40x
	$158,708,936.00	**$33,467,205.00**	**$52,393,405.00**	**$19,606,315.88**	**1.50x**

(1) Does not include Parity capacity for housing set-aside revenues and excludes an amount equal to Senior Harbour Debt Service.
(2) These obligations are senior to the Series 2004A Non-Housing Loan Payments.
(3) Preliminary, subject to change. Interest based on an assumed average coupon of 5.47% for the Series 2004A Bonds and an assumed average coupon of 4.24% for the Series 2004B Bonds.

TABLE 6
Richmond Joint Powers Financing Authority
Tax Revenues
Projected Debt Service Coverage
(Assuming 1.867% Growth in Assessed Value)

Fiscal Year	Available Tax Revenues[1]	Pre-2004 Loan Payments[2]	2003 Loan Payments[2]	Series 2004A Non-Housing Loan Payments[3]	Total Debt Service Coverage[3]
2005-2006	$7,917,000.00	$2,353,707.50	$1,515,770.50	$612,148.88	1.77x
2006-2007	8,013,000.00	2,354,707.50	1,515,770.50	612,388.50	1.79x
2007-2008	8,282,000.00	2,351,997.50	1,515,770.50	609,923.50	1.85x
2008-2009	8,467,000.00	2,353,272.50	2,295,770.50	612,144.00	1.61x
2009-2010	8,655,000.00	2,351,610.00	2,298,252.50	608,904.00	1.65x
2010-2011	8,846,000.00	2,353,470.00	2,297,413.50	610,376.00	1.68x
2011-2012	9,037,000.00	2,355,970.00	2,293,085.50	611,443.00	1.72x
2012-2013	9,219,000.00	2,353,750.00	2,299,125.50	612,093.00	1.75x
2013-2014	9,404,000.00	2,351,670.00	2,297,128.00	607,326.00	1.79x
2014-2015	9,593,000.00	2,354,350.00	2,296,378.50	612,380.50	1.82x
2015-2016	9,753,000.00	2,351,150.00	2,296,311.50	611,849.00	1.85x
2016-2017	9,917,000.00	2,351,900.00	2,292,329.50	610,981.00	1.89x
2017-2018	10,083,000.00	2,353,000.00	2,295,689.50	609,456.00	1.92x
2018-2019	10,252,000.00	2,353,050.00	2,295,941.50	607,670.00	1.95x
2019-2020	10,425,000.00	106,775.00	2,747,230.00	2,800,623.00	1.84x
2020-2021	6,612,000.00	112,575.00	2,748,425.00	543,736.00	1.94x
2021-2022	6,740,000.00	112,850.00	2,748,845.00	543,296.00	1.98x
2022-2023	6,871,000.00	37,862.50	2,748,227.50	621,473.00	2.02x
2023-2024	6,853,000.00	36,550.00	2,746,310.00	539,583.00	2.06x
2024-2025	9,323,000.00	40,237.50	4,423,815.00	526,352.50	1.87x
2025-2026	9,459,000.00	38,662.50	4,425,815.00	528,122.00	1.89x
2026-2027	9,597,000.00	37,087.50	-	4,954,047.00	1.92x
	$193,318,000.00	**$33,467,205.00**	**$52,393,405.00**	**$19,606,315.88**	**1.83x**

(1) Does not include Parity capacity for housing set-aside revenues and excludes an amount equal to Senior Harbour Debt Service.
(2) These obligations are senior to the Series 2004A Non-Housing Loan Payments.
(3) Preliminary, subject to change. Interest based on an assumed average coupon of 5.47% for the Series 2004A Bonds and an assumed average coupon of 4.24% for the Series 2004B Bonds.

TABLE 7
Richmond Joint Powers Financing Authority
Housing Set Aside Tax Revenues
Projected Debt Service Coverage
(Assuming No Growth in Assessed Value)

Fiscal Year	Available Housing Set-Aside Tax Revenues	Pre-2004 Loan Payments[1]	Series 2004A Housing Loan Payments[2]	Series 2004B Housing Loan Payments[2]	Total Debt Service Coverage[2]
2005-2006	$2,735,000.00	$587,367.50	$320,437.97	$140,492.19	2.61x
2006-2007	2,735,000.00	587,667.50	324,556.50	140,562.50	2.60x
2007-2008	2,735,000.00	586,917.50	322,671.50	138,937.50	2.61x
2008-2009	2,735,000.00	589,277.50	320,546.00	142,312.50	2.60x
2009-2010	2,735,000.00	585,167.50	323,206.00	140,562.50	2.61x
2010-2011	2,735,000.00	589,955.00	320,462.00	138,742.50	2.61x
2011-2012	2,735,000.00	587,905.00	322,564.00	141,642.50	2.60x
2012-2013	2,735,000.00	588,265.00	324,301.50	139,242.50	2.60x
2013-2014	2,735,000.00	586,700.00	320,669.50	141,692.50	2.61x
2014-2015	2,735,000.00	588,210.00	321,901.50	138,852.50	2.61x
2015-2016	2,735,000.00	587,410.00	322,813.00	140,892.50	2.60x
2016-2017	2,735,000.00	589,300.00	323,412.00	137,662.50	2.60x
2017-2018	2,735,000.00	588,495.00	323,453.00	139,156.26	2.60x
2018-2019	2,735,000.00	584,995.00	323,233.00	140,443.76	2.61x
2019-2020	2,735,000.00	28,800.00	882,752.00	141,525.00	2.60x
2020-2021	1,883,000.00	27,200.00	552,778.00	142,400.00	2.61x
2021-2022	1,883,000.00	25,600.00	558,203.00	138,068.76	2.61x
2022-2023	1,883,000.00	9,000.00	575,683.00	138,212.50	2.60x
2023-2024	1,851,000.00	8,600.00	565,911.00	138,125.00	2.60x
2024-2025	1,851,000.00	8,200.00	565,294.50	137,806.26	2.60x
2025-2026	1,851,000.00	7,800.00	563,270.50	142,256.26	2.59x
2026-2027	1,851,000.00	7,400.00	559,839.00	141,243.76	2.61x
	$54,078,000.00	**$8,350,232.50**	**$9,337,958.47**	**$3,080,832.25**	**2.60x**

(1) Includes only those payments under the Pre-2004 Loan Agreement required to be paid from amounts allocable to the Agency's Housing Fund in respect of the 2000B Bonds. These obligations are senior to the Housing Loan Payments.

(2) Preliminary, subject to change. Interest based on an assumed average coupon of 5.47% for the Series 2004A Bonds and an assumed average coupon of 4.24% for the Series 2004B Bonds.

TABLE 8
Richmond Joint Powers Financing Authority
Housing Set Aside Tax Revenues
Projected Debt Service Coverage
(Assuming 1.867% Growth in Assessed Value)

Fiscal Year	Available Housing Set-Aside Tax Revenues	Pre-2004 Loan Payments[1]	Series 2004A Housing Loan Payments[2]	Series 2004B Housing Loan Payments[2]	Total Debt Service Coverage[2]
2005-2006	$ 2,735,000.00	$ 587,367.50	$ 320,437.97	$ 140,492.19	2.61x
2006-2007	2,772,000.00	587,667.50	324,556.50	140,562.50	2.63x
2007-2008	2,865,000.00	586,917.50	322,671.50	138,937.50	2.73x
2008-2009	2,930,000.00	589,277.50	320,546.00	142,312.50	2.78x
2009-2010	2,997,000.00	585,167.50	323,206.00	140,562.50	2.86x
2010-2011	3,065,000.00	589,955.00	320,462.00	138,742.50	2.92x
2011-2012	3,134,000.00	587,905.00	322,564.00	141,642.50	2.98x
2012-2013	3,205,000.00	588,265.00	324,301.50	139,242.50	3.05x
2013-2014	3,277,000.00	586,700.00	320,669.50	141,692.50	3.12x
2014-2015	3,350,000.00	588,210.00	321,901.50	138,852.50	3.19x
2015-2016	3,425,000.00	587,410.00	322,813.00	140,892.50	3.26x
2016-2017	3,501,000.00	589,300.00	323,412.00	137,662.50	3.33x
2017-2018	3,578,000.00	588,495.00	323,453.00	139,156.26	3.40x
2018-2019	3,657,000.00	584,995.00	323,233.00	140,443.76	3.49x
2019-2020	3,737,000.00	28,800.00	882,752.00	141,525.00	3.55x
2020-2021	2,628,000.00	27,200.00	552,778.00	142,400.00	3.64x
2021-2022	2,689,000.00	25,600.00	558,203.00	138,068.76	3.73x
2022-2023	2,751,000.00	9,000.00	575,683.00	138,212.50	3.81x
2023-2024	2,768,000.00	8,600.00	565,911.00	138,125.00	3.88x
2024-2025	2,831,000.00	8,200.00	565,294.50	137,806.26	3.98x
2025-2026	2,896,000.00	7,800.00	563,270.50	142,256.26	4.06x
2026-2027	2,961,000.00	7,400.00	559,839.00	141,243.76	4.18x
	$67,752,000.00	**$8,350,232.50**	**$9,337,958.47**	**$3,080,832.25**	**3.26x**

(1) Includes only those payments under the Pre-2004 Loan Agreement required to be paid from amounts allocable to the Agency's Housing Fund in respect of the 2000B Bonds. These obligations are senior to the Housing Loan Payments.

(2) Preliminary, subject to change. Interest based on an assumed average coupon of 5.47% for the Series 2004A Bonds and an assumed average coupon of 4.24% for the Series 2004B Bonds.

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 is 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 Merged 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 Merged Project Area available to secure the Loans. 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 Loans, the Agency and the Consultant relied on actual historical tax increment and made certain assumptions with regard to future assessed valuations in the Merged Project Area, future tax rates and the percentage of taxes collected and the outcome of assessment appeals. See "THE MERGED PROJECT AREA – The Constituent Project Areas" 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 Loans will be reduced. Such reduced tax increment may be insufficient to provide for the payment of debt service on the Loans and hence the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Tax Collection Agreement

As the result of an agreement between the County and the Agency relating to the Galvin Project Area and the original Harbor Gate Project Area, in calculating tax increment, the County only includes secured real property. Although the two constituent project areas were originally adopted in the 1950's, the Agency did not begin to claim tax increment from the Galvin Project Area and the original Harbor Gate Project Area until the mid 1990's. At that time, records on base year values for said project areas were not available. The County and the Agency agreed to use only the secured real property values from the earliest year for which records were available (Fiscal Year 1967-68). Consequently, only secured real property is included in the calculation of tax increment revenues for these two constituent project areas. The Agency believes that the foregoing method of calculating tax increment for said project areas will not materially adversely affect the Agency's ability to repay its obligations under the Loan Agreements.

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 therefore 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 (e.g. 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 date the appeal is filed. 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 recently resolved and open appeals in the Merged Project Area, as shown on the table below.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Resolved Appeals

Assessee	Current Roll Value	Applicants Value Opinion	Resolved Value	Value Reduction
Post-2004 Limit Area				
Catellus Development	$15,729,830	$10,597,135	$14,484,600	$1,245,230
Target Corporation	916,802	300,000	600,000	316,802
Total - Resolved	**$16,646,632**	**$10,897,135**	**$15,084,600**	**$1,562,032**

Open Appeals

Assessee	Current Roll Value	Applicant's Value Opinion	Estimated Resolved Value(1)	Value Reduction
Pre-2004 Limit Area				
The Hearst Corporation	$27,672,747	$ 6,850,000	$22,968,380	$4,704,367
Post-2004 Limit Area				
Bank of America Corporation	$ 1,020,455	$ 405,911	$846,978	$173,477
Berthoud, Philippe & Mary Ann	421,000	388,000	349,430	71,570
BP West Coast Products	26,264,714	7,183,076	21,799,713	4,465,001
Carr, Don & Lonne	6,295,133	4,227,272	5,224,960	1,070,173
Dicon Fiberoptics Inc.	62,567,458	20,641,000	51,930,990	10,636,468
FMC Corporation (Food Machinery Corp)	2,389,542	499,000	1,983,320	406,222
Quality Carriers, Inc.	2,805,416	800,000	2,328,495	476,921
Vital Properties LLC	1,168,002	750,000	969,442	198,560
Total - Post 2004 Areas	$102,931,720	$34,894,259	$85,433,328	$17,498,392
Total – Open Appeals	**$130,604,467**	**$41,744,259**	**$108,401,708**	**$22,202,759**

(1) Estimated at 17 percent reduction.
Source: Fraser & Associates

There were two recently resolved appeals that will result in value reductions of approximately $1.6 million in fiscal year 2005-06 for the Post-2004 Limit Area, as shown above. There are also open appeals for nine property owners, including three of the 2004-05 top ten assessees in the Merged Project Area (The Hearst Corporation; BP West Coast Products and Dicon Fiberoptics Inc.). In total, the owners have requested reductions in value of $41.7 million. The Consultant has estimated the potential impact of the open appeals based on success factor ratios since 2001 in the Merged Project Area. Over this time period, 37 appeals have been resolved. Thirty of these were either denied by the County or withdrawn by the property owner. Seven property owners were successful with their appeals. On average, reductions in value equaled 17 percent for all appeals that were filed. Based on the success ratio, we have assumed a 17 percent decrease in value for the open appeals. This would result in a reduction in future taxable values in the Pre-2004 Limit Areas of $4.7 million and a reduction in the Post-2004 Limit Areas of $17.5 million. The Consultant has reduced taxable value for the impact of open appeals in the 2005-06 fiscal year.

The County does not allocate refunds attributable to assessment appeals to redevelopment project areas. Therefore, the Consultant has 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 2005-06 fiscal year. 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 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, and the Housing Fund, into which all Pledged Housing Set-Aside 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 in the Special Fund or the Housing Fund could have a material adverse affect on the security for the Bonds.

Development Risks

The Agency's ability to make payments on the Loans 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 Merged Project Area 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 Merged Project Area 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 area, the owners of property within the Merged Project Area 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 constituent 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 Loans 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 2005-06 and future fiscal years, the Consultant used a 1.867% inflation factor to increase real property values in the Merged Project Area. The 1.867% factor is the factor that the County assessor has been

directed to use by the SBE in preparing the 2004-05 tax roll. In certain fiscal years, the inflation factor for certain constituent project areas has been less than 1.867% overall. Should inflation not reach 1.867% in the future, tax increment could be lower than projected for the Merged Project Area. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.

State Budget

In connection with its approval of a budget for fiscal year 2002-03, the State Legislature adopted as urgency legislation Assembly Bill 1768 ("AB 1786"), effective September 30, 2002, which requires redevelopment agencies to pay into 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 fiscal years 1992-93, 1993-94 and 1994-95. 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 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 ERAF contribution for fiscal year 2003-04 was $368,961. The Agency's ERAF obligation in fiscal year 2003-04 will not impair the Agency's ability to pay debt service on the Series 2004 Bonds.

On January 9, 2004, the Governor introduced the proposed 2004-05 State Budget (the "Proposed State 2004-05 Budget"), proposing to close a projected $14 billion in operating deficits through a combination of major and wide-ranging spending reductions, additional borrowing, and a diversion of local property taxes from local government for the benefit of the State, including: (i) $7.3 billion in program reductions and related cost savings in the current and budget years combined, (ii) a $15 billion economic recovery bond issuance, (iii) $2.6 billion on other loans and borrowing (including a $930 million pension obligation bond sale), (iv) $1.8 billion in local government program related reductions, and (v) $1.6 billion in transfers and fund shifts. The Proposed 2004-05 State Budget does, however, project a Fiscal Year 2005-06 shortfall of approximately $6 billion. Of the $1.8 billion in local government reductions, the proposed 2004-05 State Budget includes $1.3 billion property tax shift from local government to the Educational Revenue Augmentation Fund ("ERAF"). The Proposed 2004-05 State Budget also includes funding for Backfill payments to cover the reduction in the VLF. The costs of the Backfill is $2.7 billion in 2003-04 (with an additional $1.3 billion payable to local governments in August 2006) and $4.1 billion in 2004-05. Moreover, the proposed 2004-05 State Budget defers reimbursements to counties, cities and special districts for state mandates. Under current law, local agencies must continue to carry out state-mandated requirements, regardless of delays in state reimbursement. In addition, the proposed 2004-05 State Budget includes more than $400 million of other reductions to local governments, including reduced funding for juvenile probation, suspending Proposition 42 General Fund transfers for local transportation programs and eliminating booking fee subventions.

The May Revision to the 2004-05 Governor's Budget was released on May 13, 2004 (the "May Revision"), projecting an approximately $17 billion gap between expenditures and revenues through fiscal year 2004-05. The May Revision relies on approximately $3.6 billion in new revenue sources relative to the Proposed 2004-05 State Budget, relating to: (1) approximately $1.3 billion associated with higher than expected receipts from a tax shelter amnesty program, (2) approximately $1.3 billion related

to an increase in the Governor's forecast of tax collections in Fiscal Years 2003-04 and 2004-05 combined, and (3) approximately $1 billion from accounting adjustments which result in the accrual of tax revenues attributable to prior-year liabilities. The May Revision also has the following features: (i) about $5.4 billion in program reductions and savings (including suspension of Proposition 98, reductions in higher education spending, elimination of social service COLAs and savings related to employee compensation and contracting), (ii) approximately $2.7 billion in savings from using $11.3 billion in ERB's as opposed to previously authorized statutory bonds; (iii) approximately $3.8 billion in savings due to other loans and borrowing (including a proposed pension obligation bond proceeds of approximately $1 billion, Proposition 98 moneys resulting from negotiations with educational entities, an increase in VLF from local governments and approximately $1.2 billion in Proposition 42 moneys as a result of negotiations with transportation entities); and (iv) other various shifts, transfers and increased revenues (including student fee increases). Further, the May Revision proposes a $1.3 billion shift from local revenues to the State in Fiscal Years 2004-05 and 2005-06 ($250 million for redevelopment agencies for each of the next two fiscal years to ERAF using the same formula as the current law). In return for the shift, the May Revision proposed that a local government initiative be placed on the November 2004 ballot that would protect local government revenues. Specifically, the initiative was to provide, among other things: (i) that the State may not reduce the rate of sales tax or reallocate or delay the distribution of property tax, sales tax or VLF to local governments, and (ii) for a shift of $4.1 billion of K-14 district property taxes to cities and counties as replacement for Backfill transferred to the State.

On July 31, 2004, the Governor signed the 2004-05 State Budget. The 2004-05 State Budget provides for ERAF payments by redevelopment agencies in the aggregate amount of $250 million statewide for the next two fiscal years. The Agency's share of this payment is approximately $667,729 for both fiscal years 2004-05 and 2005-06, but the final amount will not be determined until the State Controller makes certain calculations required to be completed in October of this year. The Agency's ERAF obligation in fiscal year 2004-05 will not impair the Agency's ability to pay debt service on the Series 2004 Bonds. The Agency cannot predict whether the State Legislature will enact legislation requiring deposits into ERAF 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 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 and Pledged Housing Set Aside Tax Revenues on a parity with its pledge of Pledged Tax Revenues and Pledged Housing Set Aside 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 and Pledged Housing Set Aside 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 Merged 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 Merged 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. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in the Orange County Superior Court and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. In 2003, the Orange County Superior Court declared the recapture practice to be unconstitutional as applied to the plaintiff taxpayer. Orange County appealed the case to the California Court of Appeal and, on March 26, 2004, the Court of Appeal reversed the Superior Court in County of Orange v. Bezaire thereby approving the county's current practice. The Agency is unable to predict whether the Court of Appeal decision will be appealed to the Supreme Court, nor what effect, if any, a final decision on behalf of the plaintiff 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 Merged 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 Merged 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 Merged Project Area for fiscal year 2004-05 is $92,081, which is one percent (1%) of fiscal year 2003-04 tax increment 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 Consultant has estimated that the Agency is qualified to receive approximately $86,000 of allocable tax revenues in fiscal year 2004-05 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, 2003" 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 $2,735,292. 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 Agreements.

Pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, a total of $550,854 is estimated to be deducted from the Agency's fiscal year 2004-05 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 2004B 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 2004B 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 2004A 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 2004B Bonds is less than the amount to be paid at maturity of such Series 2004B Bonds or (excluding amounts stated to be interest and payable at least annually over the term of such Series 2004B 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 2004B 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 2004B Bonds is the first price at which a substantial amount of such maturity of the Series 2004B 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 2004B Bonds accrues daily over the term to maturity of such Series 2004B 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 2004B Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2004B Bonds. Owners of the Series 2004B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2004B Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2004B Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2004B Bonds is sold to the public.

Series 2004B 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 2004B 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 2004B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2004B 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 2004B Bonds may adversely affect the value of, or the tax status of the interest on, the Series 2004B 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 2004B 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 2004B 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 2004B 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 2004B 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 2004B Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Series 2004B Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Series 2004B 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 2004B Bonds for audit examination, or the course or result of any IRS examination of the Series 2004B Bonds, or obligations which present similar tax issues, will not affect the market price for the Series 2004B 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 Agreements 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 2004A Bonds at a purchase price of $_____, which represents the par amount of the Series 2004A Bonds, plus original issue premium of $_____, less an underwriting discount of

$_____. The Underwriter has agreed to purchase the Series 2004B Bonds at a purchase price of $_____, which represents the par amount of the Series 2004B Bonds, less an underwriting discount of $_____.

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 2003-04 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."

Although the Agency has timely filed all of its required annual reports and material event notices pursuant to the continuing disclosure undertakings of the Agency for its outstanding bonds, in several cases, certain items of information required to be contained in such reports were not included because the information was not available as of the deadline for filing the reports. The Agency has as of the date hereof filed all required missing items for such reports. As a result of the changes to the Agency's management and accounting practices referred to above under "THE AGENCY - Recent Developments" the Agency believes it will be able to fully comply with its continuing disclosure obligations going forward.

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 the 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 Policy 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 Agreements, 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

(THIS PAGE INTENTIONALLY LEFT BLANK)

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 2000-04
STATE ESTIMATES
(rounded to nearest hundred)

Census Year	City of Richmond	Contra Costa County
2000	99,216	948,816
2001	100,300	964,400
2002	101,000	980,900
2003	101,400	994,900
2004	101,700	1,003,900

Source: California Department of Finance, Demographic Research Unit.

The City estimates that it had 36,418 housing units as of December 31, 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 December 1, 2003.

The 2003 Survey of Buyer Power (Sales & Marketing Management and Media Markets) estimated median household effective buying income (in 1983 dollars) at $40,033 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 1998-99 through 2002-03 assessed valuations for the City.

CITY OF RICHMOND
HISTORY OF ASSESSED VALUATION
1998-99 THROUGH 2002-03

Total Fiscal Year	Assessed Valuation*
1998-99	$6,255,102,785
1999-00	6,495,468,334
2000-01	6,873,053,040
2001-02	7,868,440,552
2002-03	8,111,692,985

* 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
1998-99 THROUGH 2002-03

Fiscal Year	Ending Tax Levy	Reimbursed Tax Levy	Percent Current Levy Delinquent June 30
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%
2002-03	23,253,482	397,750	1.71%

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
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
2002-03	1,293,561,117	25,574,249	1.98	34,508,149	30,347,321	88

Source: Contra Costa County Auditor-Controller.

Largest Taxpayers

Set forth below are the largest secured property taxpayers in the City for the 2003-04 fiscal year.

Property Owner	Primary Land Use	Assessed Valuation	Total
Chevron USA, Inc.	Petroleum/Coal Products	$2,449,586,603	30.20%
Berlex Laboratories, Inc.	Chemical Production	133,843,876	1.65
Kaiser Permanente	Hospitals	95,606,750	1.18
United States of America	General Government	77,131,670	0.95
ICI Americas	Commercial/Industrial Property	73,122,889	0.90
Watch Holdings	Apartments	53,935,517	0.66
Marina Lakes Venture	Apartments	45,172,905	0.56
Security Capital Pacific Trust	Apartments	42,703,037	0.53
MSC Pinole Point Steel	Primary Metal Industry	46,125,738	0.57
California Corporation	Food Products	39,195,137	0.48

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	17,270	36.0	21,040	38.0	22,830	38.0
Mfg. & Wholesale	7,260	18.6	8,140	17.0	9,070	16.0	9,670	16.0
Retail Trade	5,440	14.0	6,400	13.0	7,130	12.0	7,860	13.0
Agricultural/Mining	580	1.5	440	2.0	440	1.0	440	1.0
Other[2]	11,830	30.3	15,170	32.0	18,180	33.0	19,090	32.0
TOTAL	38,980	100.0	47,420	100.0	55,860	100.0	59,890	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 2003.

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 bulk 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 in the early 1990's (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 that is spurring 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 $268,000,000 million in 1998-2003, representing 1,750,000 square feet of new building space and 500,000 of rehabilitated space (see following table).

MAJOR INDUSTRIAL/COMMERCIAL INVESTMENTS IN RICHMOND, CALIFORNIA 1998-2003*

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	240,000
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	25	500,000
Campus Bay**	Mixed Use	24	120,000
Macdonald/South Shopping Center	Retail	18	210,000

* Does not include housing investments.
** First phase consists of rehabilitating existing R&D buildings.
Source: Richmond Redevelopment Agency.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Employment

The City's major employers as of July 1, 2004 are listed in the following table.

MAJOR EMPLOYERS IN RICHMOND, CALIFORNIA[1]

Manufacturing Companies	Employment	Products
Chevron U.S.A., Inc. Refinery	1,718	Petrochemicals
West Contra Costa Unified School District	1,271	Public schools
Chevron Research & Technology	1,261	Petrochemicals research
Social Security Payment Center	1,260	Federal government
U.S. Postal Service Bulk Mail Center	1,007	Bulk Mail
United Parcel Service (UPS)	950	Mailing Distribution Center
City of Richmond	875	City Government
U. C. Berkeley Field Station	440	Research/Education
Permanente Medical Group	437	Medical Services
Bio Rad Laboratories, Inc.	312	Biotechnology
Costco Wholesale	300	Non-Durable Wholesale Trade
Safeway Stores, Inc.	300	Grocery/Distribution
PG&E Richmond Service Center	299	Gas & Electric Utilities
Grace Baking Co.	269	Food Product/Production
Macy's Hilltop	260	Department Store
The Home Depot	252	Building Materials
Burlington Northern Santa Fe Railway	250	Railroad Terminal
Calif. Autism Foundation, Inc.	250	Social Services
MSC/Pinole Point Steel Inc. /Pre Finish Metals Inc.	243	Steel Fabrication
Palecek Imports, Inc.	200	Furniture and Fixtures
Comcast of California	197	Cable/Pay TV Services
Kensington Laboratories	196	Instrument & RLTD Production
Ford Motor Co.	194	Auto Parts

[1] Employment figures are from City business license records current as of July 2004 and (for public and other non licensed employers) from a telephone survey in July 2004. 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 2000 to 2004.

LABOR FORCE ANNUAL AVERAGE UNEMPLOYMENT RATES
RICHMOND, STATE OF CALIFORNIA AND UNITED STATES
2000-2004[1]

Year	Richmond	California	United States
2000	5.3%	4.9%	4.0%
2001	6.3	5.4	4.8
2002	9.8	6.7	-[2]
2003	9.6	6.8	6.3
2004	9.6	6.7	6.2

[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. A total of 688 new homes have been completed at Hilltop in two separate developments (Park Ridge, 645 units, and Hilltop Lake Overlook, 43 units). The Park Ridge project represents the first stages of development in the Hilltop West Area. A total of 383 new for sale residential units are in the entitlement approval process. In addition, 704 new apartment units have also been completed in the past year. As part of the apartment development, an additional 100,000 square feet of retail is entitled and under construction. 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 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 2008, Marina Bay will include 2,700 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 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 the first phase of a campus for Dicon Fiberoptics. The 240,000 square foot complex is part of a 865,000 square foot campus planned by the fiberoptics firm. 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.

Simeon Properties is currently completing phase I of the Campus Bay office park. When completed this will add 400,000 square feet of R&D office, and laboratory space to the south shoreline. A residential, mixed-use component is under consideration by local planning authorities and regional regulatory agencies. The development entails approximately 1,000 residential units of varying product type.

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 Redevelopment Agency and the Penterra Company, the master developer of Marina Bay, have worked together to market the Northshore to a developer. The project will include 133 condominium units and approximately 40,000 square feet of marina oriented commercial space.

There are two 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 developed by the Agency for approximately 100 live/work units and 180,000 square feet of office with the possibility of an additional 285,000 square feet of commercial 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 approximately 250 higher priced residential condominiums, some of which have 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 play lots 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

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

Certain provisions of the Trust Agreement and the Loan Agreements not previously discussed in this Preliminary 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" 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" means the Richmond Redevelopment Agency, a public body, corporate and politic, organized and existing pursuant to the Law.

"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.

"Available Housing Set-Aside Tax Revenues" means, for each Fiscal Year during the term of the Housing Loan Agreement, an amount of not less than 20% of 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).

"Available Tax Revenues" means, for each Fiscal Year during the term of the Non-Housing 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; and

(c) Pass-Through Payments; and

(d) the Senior Harbour Debt Service.

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

"Authority" means the Richmond Joint Powers Financing Authority created pursuant to the Act and its successors and assigns in accordance with the Trust Agreement.

Bonds" means the Series 2004A Bonds, the Series 2004B Bonds and the Series 2004B-T Bonds authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with Article II of the Trust Agreement. "Serial Bonds" means Bonds for which no sinking fund payments are provided. "Series 2004A Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) issued pursuant to the Trust Agreement. "Series 2004B Bonds" means the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) issued pursuant to the Trust Agreement. "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" means XL Capital Assurance Inc. as issuer of the Financial Guaranty Insurance Policy.

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

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

"Combined Annual Debt Service" means, with respect to the Non-Housing Loan Agreement, as of the date of calculation, the total Debt Service plus Senior Merged Area Debt Service payable in each 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 Non-Housing Loan Agreement and, with respect to the Housing Loan Agreement, means, as of the date of calculation, the total Debt Service plus Senior Housing Debt Service payable in each 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.

"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 Agreements, 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" means the fund by that name established pursuant to the Trust Agreement.

"County" means Contra Costa County.

"Debt Service" means, for any Fiscal Year, the sum of (A) the Series 2004A Non-Housing Loan Payments due and payable under the Loan Agreements during such Fiscal Year, plus (B) any Parity Debt Service payable during such Fiscal Year.

"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 the Department of Treasury of 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

"Event of Default" means any of the events described in the Loan Agreements.

"Financial Guaranty Insurance Policy" means the Financial Guaranty Insurance Policy, issued by the Bond Insurer insuring the payment when due of the interest on and principal of the Bonds as provided in the Trust Agreement.

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

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

"Housing Fund" means the Agency's Low- and Moderate-Income Housing Fund established and maintained for the purpose of increasing the supply of low- and moderate-income housing pursuant to the Law.

"Housing Share" means a fraction, the numerator of which is the amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Housing Project Account and the denominator of which is the sum of (i) amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account and the Series 2004A Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations, all as provided in the Trust Agreement. The Authority and the Agency agree that the Housing Share, expressed as a percentage, is 22%*.

"Housing Loan Agreement" means the Loan Agreement Housing providing for the loan to the Agency of a portion of the proceeds of the Series 2004A Bonds and all the proceeds of the Series 2004B Bonds, dated as of October 1, 2004, by and between the Agency and the Authority.

"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.

"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:

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

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

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.

"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

* Preliminary, subject to change.

bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

"Interest Payment Date" means a date on which interest is due on the Bonds, being March 1 and September 1 of each year to which reference is made, commencing on [September 1], 2005.

"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 of the Trust Agreement and thereof.

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

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

"Loan Agreements" means the Housing Loan Agreement and the Non-Housing Loan Agreement.

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

"Loan Payments" means the Series 2004A Non-Housing Loan Payments, the Series 2004A Loan Payments and the Series 2004B Loan Payments under the Loan Agreements, other than the Additional Payments thereunder.

"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 Agreements.

"Non-Housing Loan Agreement" means the Loan Agreement (Non-Housing) providing for the loan to the Agency of a portion of the proceeds of the Series 2004A Bonds, dated as of October 1, 2004, by and between the Agency and the Authority.

"Non-Housing Share" means a fraction, the numerator of which is sum of (i) the amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations and the denominator of which is the sum of (i) amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account and the Series 2004A Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations, all as provided in the Trust Agreement. The Authority and the Agency agree that the Non-Housing Share, expressed as a percentage, is 78%*.

"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," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement regarding Disqualified Bonds) all Bonds except

* Preliminary, subject to change.

(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 "Discharge of Bonds" section 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 pursuant to the Trust Agreement.

"Parity Debt" means 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 Agreements.

"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 the Loan Agreements.

"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.

"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 the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(3) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any 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. Government National Mortgage Association (GNMA)
h. Federal Housing Administration Debentures (FHA)

(4) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America; provided that stripped securities are only permitted if they have been stripped by the agency itself:

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) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2 including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services.

(6) 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.

(7) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

(8) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements acceptable to the Bond Insurer.

(9) Commercial paper which is rated at the time of purchase, "Prime –1" by Moody's and "A-1" or better by S&P.

(10) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such rating agencies.

(11) Federal funds or bankers acceptances with a maximum term of one year of any bank, including the Trustee and its affiliates, which has an unsecured, uninsured and unguaranteed obligation rating of "Prime –1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(12) Repurchase agreements meeting the requirements of the Bond Insurer.

(13) 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.

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 Housing Set Aside Tax Revenues" means, for each Fiscal Year during the term of the Housing Loan Agreement, an amount of not less than 20% of 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, received pursuant to Section 16111 of the Government Code; and

(b) the Senior Merged Area Housing Debt Service.

"Pledged Tax Revenues" means, for each Fiscal Year during the term of the Non-Housing 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; and

(c) Pass-Through Payments;

(d) the Senior Harbour Debt Service; and

(e) the Senior Merged Area Debt Service

"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.

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

"Prior City 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 the approximate amount of $6,350,000.

"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:

Downtown 10A Project Area, initially established May 23, 1966; as amended from time to time.

Eastshore 1A Project Area, initially established August 26, 1957; as amended from time to time.

Galvin 3A Project Area, initially established February 28, 1955, as amended from time to time.

Harbor Gate 6A Project Area, initially established November 8, 1954; as amended from time to time.

Harbour 11A Project Area, initially established June 9, 1975, as amended from time to time.

Hensley 8A Project Area, initially established May 29, 1960; as amended from time to time.

Nevin 10B Project Area, initially established September 18, 1972; as amended from time to time..

North Richmond 12A Project Area, initially established September 18, 1972, as amended from time to time.

Potrero 1C Project Area, initially established April 4, 1960, as amended from time to time.

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

"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 statement that the person or firm making or giving such Report has read the pertinent provisions of the Loan Agreements to which such Report relates;

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

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.

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

"Revenues" means all Series 2004A Revenues and Series 2004B Revenues.

"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.

"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.).

"Senior Merged Area Debt Service" means all of the payments required to be made pursuant to the Senior Merged Area Obligations.

"Senior Merged Area Housing Debt Service" means all of the payments required to be made pursuant to the Senior Merged Area Housing Obligations.

"Senior Merged Area Obligations" means the 2003 Loan Agreement and the Pre-2004 Loan Agreement.

"Senior Merged Area Housing Obligations" means the Pre-2004 Loan Agreement, but only with respect to the payments thereunder required to be paid from amounts allocable to the Housing Fund in respect of the Authority's Housing Set-Aside Tax Allocation Revenue Bonds, Series 2000B (Taxable).

"Series 2004A Bonds" means the Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2004A (Taxable) issued by the Authority pursuant to the Trust Agreement.

"Series 2004B Bonds" means the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) issued by the Authority pursuant to the Trust Agreement.

"Series 2004A Non-Housing Loan Payments" means the payments required to be paid thereunder pursuant to the Non-Housing Loan Agreement.

"Series 2004B Loan Payments" means the payments required to be paid thereunder pursuant to the Housing Loan Agreement.

"Series 2004B Loan Payments" means the payments required to be paid thereunder pursuant to the Housing Loan Agreement.

"Series 2004B Loan Payments" means the payments required to be paid thereunder pursuant to the Housing Loan Agreement.

"Series 2004A Housing Project Account" means the account by that name established and maintained by the Trustee pursuant to the Trust Agreement.

"Series 2004A Non-Housing Project Account" means the account by that name established and maintained by the Trustee pursuant to the Trust Agreement.

"Series 2004B Project Account" means the account by that name established and maintained by the Trustee pursuant to the Trust Agreement.

"Series 2004A Reserve Account Requirement" means an amount equal to $_____, as such amount may be reduced pursuant to the Trust Agreement.

"Series 2004B Reserve Account Requirement" means an amount equal to $_____, as such amount may be reduced pursuant to the Trust Agreement.

"Series 2004A Revenues" means (i) the Series 2004A Non-Housing Payments received by the Trustee pursuant to the Non-Housing Loan Agreement (but not Additional Payments), plus (ii) the Series 2004A Housing Loan Payments received by the Trustee pursuant to the Housing Loan Agreement (but no Additional Payments), plus (iii) all interest or other income from any investment, pursuant to the Trust Agreement, of any money in the Series 2004A Revenue Fund or any account therein.

"Series 2004B Revenues" means Series 2004B Loan Payments received by the Trustee pursuant to the Housing 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 2004B Revenue Fund or any account therein.

"Series 2004A 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.

"Series 2004B 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" 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 the Non-Housing 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.

"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 thereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

"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" 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 October 1, 2004, 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.

"2003 Loan Agreement" means that certain loan agreement entitled "Loan Agreement" by and between the Agency and the Authority, dated as of August 1, 2003.

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

"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 under the Trust Agreement.

"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 under the Trust Agreement.

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 Agreements is assigned to the Trustee for the benefit of the bondowners and is 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 Agreements.

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 Agreements; provided that nothing in the Trust Agreement shall prevent the Authority or the Agency from issuing or otherwise incurring additional obligations as permitted by the Loan Agreements.

Pledge of Revenues

Series 2004A Revenues. All Series 2004A Revenues and any other amounts (including proceeds of the sale of the Series 2004A Bonds) held by the Trustee in the Series 2004A Revenue Fund are irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Series 2004A Bonds as provided in the Trust Agreement, and the Series 2004A Revenues shall not be used for any other purpose while any of the Series 2004A Bonds remain Outstanding; provided, however, that out of the Series 2004A 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 Series 2004A Revenues and all other moneys on deposit in the Series 2004A Revenue Fund for the payment of the interest on and principal of the Series 2004A Bonds in accordance with the terms of the Trust Agreement and thereof. In the Trust Agreement, the Authority assigned to the Trustee all of the Authority's rights and remedies under the Agency Agreements; such assignment shall confer no duties or obligations of the Authority upon the Trustee and shall be subject to the provisions of the Trust Agreement.

Series 2004B Revenues. All Series 2004B Revenues and any other amounts (including proceeds of the sale of the Series 2004B Bonds) held by the Trustee in the Series 2004B Revenue Fund are irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Series 2004B Bonds as provided in the Trust Agreement, and the Series 2004B Revenues shall not be used for any other purpose while any of the Series 2004B Bonds remain Outstanding; provided, however, that out of the Series 2004B 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 Series 2004B Revenues and all other moneys on deposit in the Series 2004B Revenue Fund for the payment of the interest on and principal of the Series 2004B Bonds in accordance with the terms of the Trust Agreement and thereof. In the Trust Agreement, the Authority assigned to the Trustee all of the Authority's rights and remedies under the Agency Agreements; such assignment shall confer no duties or obligations of the Authority upon the Trustee and shall be subject to the provisions of the Trust Agreement.

Establishment and Maintenance of Accounts for Use of Money in the Series 2004A Revenue Fund

Subject to the Trust Agreement, all money in the Series 2004A Revenue Fund shall be set aside by the Trustee in the following special accounts or funds within the Series 2004A Revenue Fund (each of which is created and each of which the Trustee covenants and agrees to cause to be maintained) in the following order of priority:

(a) Series 2004A Interest Account,

(b) Series 2004A Principal Account, and

(c) Series 2004A 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 of the Trust Agreement, if the total amount on deposit in the Series 2004A 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 the Trust Agreement without premium, the Trustee shall redeem all remaining Outstanding Bonds from amounts on deposit in the Series 2004A Revenue Fund and remit any balance therein to the Authority.

(a) Series 2004A Interest Account. On each Interest Payment Date, commencing on September 1, 2005, the Trustee shall set aside from the Series 2004A Revenue Fund and deposit in the Series 2004A Interest Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the amount of interest becoming due and payable on all Outstanding Series 2004A Bonds on such Interest Payment Date.

No deposit need be made in the Series 2004A 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 2004A Bonds on such Interest Payment Date.

All money in the Series 2004A Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2004A Bonds as it shall become due and payable (including accrued interest on any Series 2004A Bonds purchased or redeemed prior to maturity).

(b) Series 2004A Principal Account. On each September 1, commencing September 1, 2005 the Trustee shall set aside from the Series 2004A Revenue Fund and deposit in the Series 2004A Principal Account that amount of money which, when added to any amounts then on deposit in such account, is equal

to the principal amount (including the payment of principal with respect to any mandatory redemption) of all Outstanding Series 2004A Bonds, maturing on such September 1.

No deposit need be made in the Series 2004A Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2004A Bonds maturing or subject to mandatory redemption by their terms on such September 1.

All money in the Series 2004A Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2004A Bonds as they shall become due and payable, whether at maturity or redemption.

(c) Series 2004A Reserve Account. All money in the Series 2004A Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series 2004A Interest Account or the Series 2004A 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 on or principal of the Series 2004A Bonds or for the retirement of all the Series 2004A Bonds then Outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Series 2004A Reserve Account in excess of the Series 2004A Reserve Account Requirement shall be withdrawn from the Series 2004A Reserve Account and deposited in the Series 2004A Interest Account, on each March 1 and September 1. For purposes of determining the amount on deposit in the Series 2004A Reserve Account, the Trustee shall value on the last Business Day of each February and August those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2004A Bonds pursuant to the Trust Agreement, the Series 2004A Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2004A Bonds after such redemption.

Establishment and Maintenance of Accounts for Use of Money in the Series 2004B Revenue Fund

Subject to the Trust Agreement, all money in the Series 2004B Revenue Fund shall be set aside by the Trustee in the following special accounts or funds within the Series 2004B Revenue Fund (each of which is created and each of which the Trustee covenants and agrees to cause to be maintained) in the following order of priority:

(a) Series 2004B Interest Account,

(b) Series 2004B Principal Account, and

(c) Series 2004B 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 of the Trust Agreement, if the total amount on deposit in the Series 2004B 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 the Trust Agreement without premium, the Trustee shall redeem all remaining Outstanding Bonds from amounts on deposit in the Series 2004B Revenue Fund and remit any balance therein to the Authority.

(a) Series 2004B Interest Account. On each Interest Payment Date, commencing on September 1, 2005, the Trustee shall set aside from the Series 2004B Revenue Fund and deposit in the Series 2004B Interest Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the amount of interest becoming due and payable on all Outstanding Series 2004B Bonds on such Interest Payment Date.

No deposit need be made in the Series 2004B 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 2004B Bonds on such Interest Payment Date.

All money in the Series 2004B Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2004B Bonds as it shall become due and payable (including accrued interest on any Series 2004B Bonds purchased or redeemed prior to maturity).

(b) Series 2004B Principal Account. On each September 1, commencing September 1, 2005 the Trustee shall set aside from the Series 2004B Revenue Fund and deposit in the Series 2004B Principal Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the principal amount (including the payment of principal with respect to any mandatory redemption) of all Outstanding Series 2004B Bonds, maturing on such September 1.

No deposit need be made in the Series 2004B Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2004B Bonds maturing or subject to mandatory redemption by their terms on such September 1.

All money in the Series 2004B Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2004B Bonds as they shall become due and payable, whether at maturity or redemption.

(c) Series 2004B Reserve Account. All money in the Series 2004B Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series 2004B Interest Account or the Series 2004B 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 2004B Bonds or for the retirement of all the Series 2004B Bonds then Outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Series 2004B Reserve Account in excess of the Series 2004B Reserve Account Requirement shall be withdrawn from the Series 2004B Reserve Account and deposited in the Series 2004B Interest Account, on each March 1 and September 1. For purposes of determining the amount on deposit in the Series 2004B Reserve Account, the Trustee shall value on the last Business Day of each February and August those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2004B Bonds pursuant to the Trust Agreement, the Series 2004B Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2004B Bonds after such redemption.

Reserve Surety Policies and Letters of Credit

The Authority may satisfy the Series 2004A Reserve Account Requirement or the Series 2004B Reserve Account Requirement at any time by the deposit with the Trustee for the credit of the Series 2004A Reserve Account or the Series 2004B 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 2004A Reserve Account, or the Series 2004B Reserve Account to meet the Series 2004A Reserve Account Requirement or the Series 2004B 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 2004A Reserve Account, or the Series 2004B 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 2004A Reserve Account or the Series 2004B Reserve Account, as the case may be, an amount equal to the Series 2004A Reserve Account Requirement or the Series 2004B Reserve Account Requirement, respectively.

(b) Letter of Credit. A letter of credit may be deposited in the Series 2004A Reserve Account or the Series 2004B Reserve Account to meet the Series 2004A Reserve Account Requirement or the Series 2004B-T 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 the Trust Agreement 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 any lawful purpose of the Agency; provided, that with respect to the Series 2004B 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 2004B 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 Trust Agreement, all money held by the Trustee in any of the accounts or funds established pursuant thereto 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 each 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 the Trust Agreement, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Trust Agreement (except the Series 2004A Reserve Account and the Series 2004B Reserve Account) shall be retained therein. So long as no event of default under the Trust Agreement shall have occurred and be continuing and so long as all amounts owing to the Bond Insurer under the Financial Guaranty Insurance Policy are paid in full, any amount in the Series 2004A Reserve Account in excess of the Series 2004A Reserve Account Requirement shall be withdrawn from the Series 2004A Reserve Account by the Trustee and such amount shall be deposited in the Series 2004A Revenue Fund.

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 the Trust Agreement.

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 contained in 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 in 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

(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 2004B 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 in the Trust Agreement as if fully set forth therein. This covenant shall survive payment in full or defeasance of the Series 2004B 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 the Trust Agreement, the Authority shall so instruct the Trustee under the 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 2004B 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 under the Trust Agreement shall be deemed to be modified to that extent.

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.

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 Agreements, except, prior to any Event of Default under the Trust Agreement or under the Loan Agreements, (i) the Authority's rights to receive any notices under the Trust Agreement or the Loan Agreements, (ii) the Authority's right to receive payments, if any, with respect to fees, expenses and indemnification and certain other purposes under the Loan Agreements and (iii) the Authority's rights to give approvals or consents pursuant to the Loan Agreements, 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 Agreements 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 Agreements.

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 therein 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 therein. 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 the Trust Agreement, 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.

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.

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 thereof other than in connection with the rights or obligations assigned to or imposed upon it in 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 thereunder 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 Agreements 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 regarding the Trustee.

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 thereunder, such matter (unless other evidence in respect thereof be in the Trust Agreement 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 thereunder 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 under 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

(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 Series 2004A Bonds (for amendments which only affect the Series 2004A Bonds) or the Series 2004B Bonds (for amendments which affect only the Series 2004B Bonds) or all Bonds (for amendments which affect all Bonds) then Outstanding, exclusive of Bonds disqualified as provided in the Trust Agreement, 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 thereby 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 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 therein to or conferred therein 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 in the Trust Agreement or in regard to questions arising thereunder which the Authority may deem desirable or necessary and not inconsistent therewith;

to provide for the issuance of any Bonds; or

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 the Trust Agreement, and shall not be entitled to consent to or take any other action provided in the Trust Agreement regarding Amendment of the Trust Agreement.

Amendment by Mutual Consent

The provisions of the Trust Agreement regarding Amendment of the Trust Agreement 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 any amendments or supplements to the Trust Agreement, the Bond Insurer must be given notice of any such amendments or supplements so long as the Financial Guaranty Insurance Policy is in effect. 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. 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 XL Capital Assurance Inc., 1221 Avenue of the Americas, New York, New York 10020-1001, Attention: Surveillance. 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 Financial Guaranty Insurance Policy; provided, that for purposes of the Trust Agreement, 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 Financial Guaranty Insurance Policy is in full force and effect at the time of the amendment.

Events of Default and Remedies

Events of Default and Acceleration of Maturities. If one or more of the following events (As called "events of default" in the Trust Agreement) shall happen, that is to say:

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;

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;

if default shall be made 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;

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

if an Event of Default has occurred under either of the Loan Agreements.

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 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.

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.

Application of Funds Upon Acceleration

(a) *Series 2004A Bonds.* All moneys in the accounts and funds for the Series 2004A Bonds provided in the Trust Agreement upon the date of the declaration of acceleration by the Trustee as provided in the Trust Agreement and all Series 2004A Revenues thereafter received by the Authority thereunder 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 of the Series 2004A Bonds 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 Series 2004A 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 Series 2004A 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 Series 2004A Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Series 2004A 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.

(b) *Series 2004B Bonds.* All moneys in the accounts and funds for the Series 2004B Bonds provided in the Trust Agreement upon the date of the declaration of acceleration by the Trustee as provided therein and all Series 2004B Revenues (other than Series 2004B Revenues on deposit in the Rebate Fund as defined by and pursuant to the Tax Certificate) thereafter received by the Authority under the Trust Agreement shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

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 Trust Agreement 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 under the Trust Agreement 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 the Trust Agreement regarding Events of Default and Remedies of Holders, including reasonable compensation to its accountants and counsel; and

Second, upon presentation of the several Series 2004B 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 Series 2004B 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 Series 2004B Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Series 2004B 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.

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 either of the "Events of Default and Remedies" sections of the Loan Agreements 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 in the Trust Agreement 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 thereunder.

Non-Waiver

Nothing in the "Events of Default and Remedies of Holders" section of the Trust Agreement or in any other provision thereof 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 therein 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 therein 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 the "Events of Defaults and Remedies of Holders" section of the Trust Agreement 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 thereunder, 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.

Remedies Not Exclusive

No remedy in the Trust Agreement 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 thereunder or now or thereafter 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.

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 as defined in 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 therein 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 therein provided and for the equal benefit of all Holders of the Outstanding Bonds.

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 in the Trust Agreement 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 in the Trust Agreement, and all agreements, covenants and other obligations of the Authority to the Holders of such Bonds thereunder 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 thereto 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 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.

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 Financial Guaranty 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.

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 therein 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 therein 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 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 therein. 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 thereof. 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 in the Trust Agreement 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 thereby.

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 thereof and would have authorized the issuance of the Bonds pursuant thereto 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.

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 thereunder 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 Bonds absent a default by Bond Insurer under the Financial Guaranty 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, acting alone, 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 institute any suit, action, or proceeding at law or in equity under the same terms as a Holder, (ii) the right to accelerate the principal of the Bonds as described in this Trust Agreement, and (iii) 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..

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 thereunder and may enforce any such rights, remedy or claim conferred, given or granted thereunder.

THE NON-HOUSING LOAN AGREEMENT

The Authority and the Agency will enter into the Non-Housing Loan Agreement pursuant to which the Authority loans the proceeds of the Series 2004A 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 Non-Housing Loan Agreement.

Series 2004A Non-Housing Loan Payments

(a) The Agency agrees to repay the Loan as follows:

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 product of (i) the Non-Housing Share, times (ii) the principal of (including mandatory redemption payments) and interest on the Series 2004A Bonds on such Interest Payment Date (the "Series 2004A Non-Housing Loan Payment"). The Series 2004A Non-Housing Loan Payments shall be payable from all Pledged Tax Revenues. In the event that the Pledged Tax Revenues are insufficient to pay all Series 2004A Non-Housing Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Series 2004A Non-Housing Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004A Non-Housing Loan Payments and Parity Debt Service.

(b) All Series 2004A Non-Housing Loan Payments under the Non-Housing 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 in Article III of the Non-Housing Loan Agreement.

Prohibition of Issuance of Senior Debt; Issuance of Parity Debt

So long as any portion of the Loan remains unpaid under the Non-Housing Loan Agreement or any portion of the Series 2004A Bonds remains Outstanding, the Agency covenants that it will not issue any debt or other obligation payable on parity with either (i) the obligations under the Senior Harbour Indenture or (ii) the Senior Merged Area Obligations. In addition to the Loan, the Agency may after the date of the Non-Housing 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 this section:

(a) No Event of Default under the Non-Housing 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 Non-Housing Loan Agreement.

(b) The Available Tax Revenues to be received by the Agency in the then current Fiscal Year and in each future Fiscal Year, based upon the most recent qualified assessment roll of the County, but taking into account the reductions in Available Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to sub-areas of the Project Area, shall be in an amount equal to at least one hundred forty percent (140%) of Combined Annual Debt Service.

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

(1) The Available 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.

(2) For purposes of calculating Combined 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 Non-Housing 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 Available Tax Revenues for the then current Fiscal Year will be at least equal to one hundred forty percent (140%) of Combined 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.

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.

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 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, which lien shall be subordinate only to the obligations under the Senior Harbour Indenture and the Senior Merged Area Obligations. The Pledged Tax Revenues and all amounts in the Special Fund are pledged in their entirety to the payments required by the Non-Housing 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 Non-Housing Loan Agreement is a debt of the Authority, the City, 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 in the Non-Housing Loan Agreement. Neither the Loan nor the Non-Housing 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 Non-Housing Loan Agreement are liable personally on the Loan or the Non-Housing 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 in the Non-Housing 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 pursuant to the Non-Housing 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.

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 Non-Housing 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.

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.

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 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.

Assumption of Non-Housing Loan Agreement

The obligations of the Agency under the Non-Housing 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:

(a) an opinion of counsel experienced in matters relating to the tax-exempt status of interest on any obligations secured by the Non-Housing 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;

(b) 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

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

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.

Limitation on Additional Debt

The Agency covenants that, until the Loan has been paid and discharged pursuant to the Non-Housing Loan Agreement, the Agency shall not after the date of the Non-Housing 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 Non-Housing Loan Agreement for the security of the Loan, excepting only Parity Debt Nothing in the Non-Housing 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.

Disposition of Property

The Agency will not, except as otherwise provided in the Non-Housing 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 Non-Housing 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 Non-Housing 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 Non-Housing 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.

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.

Events of Default and Acceleration of Loan

The following events shall constitute Events of Default under the Non-Housing Loan Agreement:

(a) failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the Loan pursuant to the Non-Housing Loan Agreement 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 Non-Housing 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 Non-Housing 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 Non-Housing 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 Non-Housing 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 Non-Housing Loan 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 pursuant to the Non-Housing 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 Article VII of the Non-Housing Loan Agreement or in any other provision of the Non-Housing 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 Non-Housing Loan Agreement, all payments due thereunder, 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 Non-Housing 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 Article VII of the Non-Housing 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.

Discharge of Non-Housing Loan Agreement

If the Agency shall pay and discharge the entire indebtedness under the Non-Housing 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 Non-Housing 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 Non-Housing Loan Agreement and all other obligations of the Authority and the Agency under the Non-Housing 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 Non-Housing 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 Non-Housing 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 subsection will not cause the interest on the Bonds to be includable in gross income under the Code for federal income tax purposes.

HOUSING LOAN AGREEMENT

The Authority and the Agency will enter into a Housing Loan Agreement pursuant to which the Authority loans the proceeds of the Series 2004B 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 Housing Loan Agreement.

Loan Payments

The Agency agrees to repay the Loan as follows:

(i) At least fifteen (15) days prior to each Interest Payment Date, the Agency shall transfer to the Trustee from the Housing Fund an amount equal to the product of (i) the Housing Share times (ii) an amount equal to the principal of (including mandatory redemption payments) and interest on the Series 2004A Bonds on such Interest Payment Date (the "Series 2004A Housing Loan Payment"). The Series 2004A Housing Loan Payments shall be payable from Pledged Housing Set Aside Tax Revenues deposited in or required to be deposited in the Housing Fund pursuant to the Law.

(ii) At least fifteen (15) days prior to each Interest Payment Date, the Agency shall transfer to the Trustee from the Housing Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Series 2004B Bonds on such Interest Payment Date (the "Series 2004B Loan Payment"). The Series 2004B Loan Payments shall be payable from Pledged Housing Set Aside Tax Revenues deposited in or required to be deposited in the Housing Fund pursuant to the Law.

(iii) In the event that the Pledged Housing Set Aside Tax Revenues are insufficient to pay all Series 2004A Housing Loan Payments, Series 2004B Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Series 2004A Housing Loan Payments, Series 2004B Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004A Housing Loan Payments, Series 2004B Loan Payments and Parity Debt Service.

(iv) All Loan Payments under the Housing 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 in Article III of the Housing Loan Agreement.

Prepayment and Reduction in Loan Funds

The Series 2004A Housing Loan Payments [shall not be subject to optional prepayment]. The Series 2004B 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 , the Series 2004B Bonds, respectively, as provided in the Trust Agreement.

Prohibition on Issuance of Senior Debt; Issuance of Parity Debt

So long as any portion of the Loan remains unpaid under or any portion of the Bonds remains Outstanding, the Agency covenants that it will not issue any debt or other obligation payable on parity with the Senior Merged Area Housing Obligations. In addition to the Loan, the Agency may after the date of the Housing 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 this section:

(a) No Event of Default under the Housing 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 Housing Loan Agreement.

(b) The Available Housing Set Aside Tax Revenues to be received by the Agency in the then current Fiscal Year and in each future Fiscal Year, based upon the most recent qualified assessment roll of the County, but taking into account the reductions in Available Housing Set-Aside Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to sub-areas of the Project Area, shall be in an amount equal to at least one hundred forty percent (140%) of Combined Annual Debt Service.

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

(1) The Available Housing Set Aside 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.

(2) For purposes of calculating Combined 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 Housing 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 Available Housing Set Aside Tax Revenues for the then current Fiscal Year will be at least equal to one hundred forty percent (140%) of Combined 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.

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.

Pledge of Pledged Housing Set Aside Tax Revenues and Housing Fund

The Loan and all Parity Debt shall be equally and ratably secured by a pledge of and lien on all of the Pledged Housing Set Aside Tax Revenues and all amounts in the Housing Fund (except amounts required to pay the Senior Merged Area Housing Obligations), without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery, which lien shall be subordinate only to the Senior Merged Area Housing Obligations. The Pledged Housing Set Aside Tax Revenues and all amounts in the Housing Fund (except amounts required to pay the Senior Merged Area Housing Obligations) are pledged in their entirety to the payments required by the Housing Loan Agreement. The Pledged Housing Set Aside Tax Revenues and all amounts in the Housing 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 Housing Loan Agreement is a debt of the Authority, the City, 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 Housing Set Aside Tax Revenues of the Agency and amounts in the Housing Fund as provided in the Housing Loan Agreement. Neither the Loan nor the Housing 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 Housing Loan Agreement are liable personally on the Loan or the Housing Loan Agreement.

Housing Fund; Deposits

In order to carry out its obligation to repay the Loan, the Agency agrees and covenants that it shall establish and maintain the Housing Fund. In each Fiscal Year, the Agency shall deposit in trust in the Housing Fund all Pledged Housing Set Aside Tax Revenues The Housing Fund is pledged and a security interest granted therein and all money on deposit in the Housing Fund shall be applied and used only as provided in the Housing Loan Agreement. After making all the set asides and payments required to be made pursuant to the Housing Loan Agreement in each Fiscal Year, the Agency may expend in such Fiscal Year any remaining money in the Housing Fund for any lawful purpose of the Agency. The Agency agrees and covenants to maintain the Housing Fund so long as the Loan remains unpaid.

Pledged Funds; Limited Obligation

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

Pledge and Lien

The pledge of the Pledged Housing Set Aside Tax Revenues and amounts in the Housing Fund constitute a valid pledge of and a lien on all of the Pledged Housing Set Aside Tax Revenues and amounts in the Housing Fund to secure this Loan and all Parity Debt, which lien shall be subordinate only to the Senior Merged Area Housing Debt.

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 Housing Set Aside 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 Housing Loan Agreement 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.

Assumption of Housing Loan Agreement

The obligations of the Agency under the Housing 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:

(a) an opinion of counsel experienced in matters relating to the tax-exempt status of interest on any obligations secured by the Housing 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;

(b) 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

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

Cumulative Tax Revenue Limit

The Agency covenants that it will not accept Pledged Housing Set Aside 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.

Limitation on Additional Debt

The Agency covenants that, until the Loan has been paid and discharged pursuant to the Housing Loan Agreement, the Agency shall not after the date of the Housing 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 Housing Set Aside Tax Revenues that is superior to or on a parity with the lien established under Housing Loan Agreement for the security of the Loan, excepting only Parity Debt Nothing in the Housing 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.

Disposition of Property

The Agency will not, except as otherwise provided in the Housing 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 Housing 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 Housing 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 Housing 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 Housing Set Aside 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 Housing Set Aside 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 Housing Fund, so long as this Loan remains unpaid, an amount equal to the amount that would have been received by the Agency as Pledged Housing Set Aside 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 Housing 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.

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 Housing Set Aside Tax Revenues will not be materially reduced by such proposed amendment, the Agency may undertake such amendment. If the Report concludes that Pledged Housing Set Aside 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 Housing Set Aside Tax Revenues in excess of 5% shall be deemed material.

Events of Default and Acceleration of Loan

The following events shall constitute Events of Default under the Housing Loan Agreement:

(a) failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the Loan pursuant to the Housing Loan Agreement 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 Housing 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 Housing 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 Housing 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.

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 October 1, 2004, 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 2004A (Taxable) (the "Series 2004A Bonds") and its $_____ aggregate principal amount of Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and, together with the Series 2004A Bonds, the "Bonds"). The Bonds are being issued pursuant to Resolution No. 04-__ of the Authority and Resolution No. 04-__ of the Agency, each adopted September 28, 2004, and a Trust Agreement, dated as of October 1, 2004 (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 Agreements, dated as of October 1, 2004 (the "Loan Agreements"), 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 2003-04 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 October __, 2004, 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 – Merged Project Area;

3. Table 2 - Ten Major Property Tax Assessees – Merged Project Area;

4. Table 3 - Projection of Incremental Tax Revenue – Merged Project Area; and

5. Table 5 and 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
1401 Marina Way South
Richmond, California 94804
Attention: Executive Director
Fax: (510) 231-3047

(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 2004A (Taxable) and Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)
Date of Issuance:	October __, 2004

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 October 1, 2004 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
1401 Marina Way South
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 2004A (Taxable) and
Housing Set-Aside Tax Allocation Revenue Bonds,
Series 2004B (Tax-Exempt)
(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 2004A (Tax-Exempt) (the "Series 2004A Bonds") and $_____ aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and, together with the Series 2004A 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 October 1, 2004 (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 October 1, 2004 (the "Non-Housing Loan Agreement"), by and between the Authority and the Richmond Redevelopment Agency (the "Agency"), a Loan Agreement, dated as of October 1, 2004 (the "Housing Loan Agreement" and, together with the Non-Hosing Loan Agreement, the "Loan Agreements"), by and between the Authority and the Agency and the Trust Agreement were approved by Resolution No. 04-__ of the Authority adopted on September 28, 2004. 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 Agreements, 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 Agreements, 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 Agreements 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 2004A 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 Agreements 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 Agreements have been duly adopted by, and constitute, valid and binding obligations of, the Authority and the Agency. The Non-Housing Loan Agreement creates a 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. The Housing Loan Agreement creates a valid pledge of the Pledged Housing Set Aside 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 2004B 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 2004B 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

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX F

XL CAPITAL ASSURANCE

1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 478-3400

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [ ]

Policy No: [ ]

BONDS: [ ]

Effective Date: [ ]

XL Capital Assurance Inc. (XLCA), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy (which includes each endorsement attached hereto), hereby agrees unconditionally and irrevocably to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the benefit of the Owners of the Bonds or, at the election of XLCA, to each Owner, that portion of the principal and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment.

XLCA will pay such amounts to or for the benefit of the Owners on the later of the day on which such principal and interest becomes Due for Payment or one (1) Business Day following the Business Day on which XLCA shall have received Notice of Nonpayment (provided that Notice will be deemed received on a given Business Day if it is received prior to 10:00 a.m. Pacific time on such Business Day; otherwise it will be deemed received on the next Business Day), but only upon receipt by XLCA, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in XLCA. Upon such disbursement, XLCA shall become the owner of the Bond, any appurtenant coupon to the Bond or the right to receipt of payment of principal and interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by XLCA hereunder. Payment by XLCA to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of XLCA under this Policy.

In the event the Trustee or Paying Agent has notice that any payment of principal or interest on a Bond which has become Due for Payment and which is made to an Owner by or on behalf of the Issuer of the Bonds has been recovered from the 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, such Owner will be entitled to payment from XLCA to the extent of such recovery if sufficient funds are not otherwise available.

The following terms shall have the meanings specified for all purposes of this Policy, except to the extent such terms are expressly modified by an endorsement to this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of California, the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity, unless XLCA shall elect, in its sole discretion, to pay such principal due upon such acceleration; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or Paying Agent for payment in full of all principal and interest on the Bonds which are Due for Payment. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to XLCA which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

XLCA may, by giving written notice to the Trustee and the Paying Agent, appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy. From and after the date of receipt by the Trustee and the Paying Agent of such notice, which shall specify the name and notice address of the Insurer's Fiscal Agent, (a) copies of all notices required to be delivered to XLCA pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to XCLA and shall not be deemed received until received by both and (b) all payments required to be made by XLCA under this Policy may be made directly by XLCA or by the Insurer's Fiscal Agent on behalf of XLCA. The Insurer's Fiscal Agent is the agent of XLCA only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of XLCA to deposit or cause to be deposited sufficient funds to make payments due hereunder.

Except to the extent expressly modified by an endorsement hereto, (a) this Policy is non-cancelable by XLCA, and (b) the Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of XLCA, nor against any risk other than Nonpayment. This Policy sets forth the full undertaking of XLCA and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto.

IN THE EVENT THAT XLCA WERE TO BECOME INSOLVENT, ANY CLAIMS ARISING UNDER THIS POLICY ARE NOT COVERED BY THE CALIFORNIA GUARANTY INSURANCE FUND SPECIFIED IN ARTICLE 12119(b) OF THE CALIFORNIA INSURANCE CODE.

In witness whereof, XLCA has caused this Policy to be executed on its behalf by its duly authorized officers.

SPECIMEN
Name:
Title:

SPECIMEN
Name:
Title:

SPECIMEN

APPENDIX G

FISCAL CONSULTANT REPORT

(THIS PAGE INTENTIONALLY LEFT BLANK)

FA FRASER & ASSOCIATES

Redevelopment and Financial Consulting

225 Holmfirth Court
Roseville CA 95661

Phone: (916) 791-8958
FAX: (916) 791-9234

FISCAL CONSULTANT REPORT

Richmond Redevelopment Agency

Merged Project Area

September 2004

(THIS PAGE INTENTIONALLY LEFT BLANK)

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 two Loan Agreements (Loans) 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 Non-Housing Loan. The Housing Loan will be repaid from the housing set-aside revenues of the Project Area.

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 Loans. 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) 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 2003-04 fiscal year, it is estimated that the Agency has received $129.2 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 August 2004 the Agency had approximately $79.6 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.

Legislation approved in 2001 (SB 211) allowed 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 Agency removed the debt incurrence limit for certain Constituent Project Areas in September 2003, as shown in the table below. The required amount of AB 1290 pass through payments was 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.

The Agency is also in the process of amending the Redevelopment Plan as authorized by SB 1045. SB 1045 was approved during the last legislative session and requires redevelopment agencies to shift funds to the Educational Revenue Augmentation Fund (ERAF). As part of the legislation, redevelopment agencies can amend certain of their redevelopment plans to extend the plan effectiveness and tax increment receipt dates by one year. The time limits for Plan Effectiveness and Debt Repayment assume the SB 1045 amendments will be approved.

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	Deleted	1/1/2010	1/1/2020
1C Potrero	Residential	150	4/4/1960	Deleted	1/1/2010	1/1/2020
3A Galvin	Industrial	95	2/28/1955	Deleted	1/1/2010	1/1/2020
6A Harbor Gate (Original)	Industrial	118	11/8/1954	Deleted	1/1/2010	1/1/2020
8A Hensley (Original)	Industrial	90.5	5/29/1960	Deleted	1/1/2010	1/1/2020
8A Hensley (1980 Area)	Industrial	23.5	3/31/1980	Deleted	3/31/2021	3/31/2031
10A Downtown	Comm.	107	5/23/1966	Deleted	1/1/2010	1/1/2020
10B Nevin	Residential	17	9/18/1972	Deleted	9/18/2013	9/18/2023
12A North Richmond	Comm.	19	9/18/1972	Deleted	9/18/2013	9/18/2023
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	Deleted	6/9/2016	6/9/2026

For purposes of the Authority's 2000 and 2003 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. As a result, information in this report is presented in three ways:

1. The Entire Merged Project Area;
2. The Pre-2004 Limit Areas; and
3. The Post-2004 Limit Areas

Shown below are land uses by taxable value as of 2004-05 for the Pre-2004 Areas and the Post-2004 Areas.

LAND USE CATEGORY SUMMARY 2004-05

	Pre-2004 Limit Area			Post-2004 Limit Area		
	Parcels	Taxable Value	Percent of Total	Parcels	Taxable Value	Percent of Total
Residential	1,286	167,926,148	39.29%	1,462	425,433,188	35.73%
Commercial	40	25,678,383	6.01%	385	153,503,195	12.89%
Industrial	44	168,198,869	39.35%	204	388,321,494	32.61%
Vacant Land	47	2,618,879	0.61%	325	50,673,241	4.26%
Other	48	31,008,739	7.26%	142	38,358,337	3.22%
Total Secured	1,465	395,431,018	92.52%	2,518	1,056,289,455	88.70%
Unsecured / State Assessed		31,966,155	7.48%		134,545,796	11.30%
Grand Total		**427,397,173**	**100.00%**		**1,190,835,251**	**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 1.0 shows the historical taxable values for the Merged Project Area over the past five years. Taxable values have increased from $1.2 billion in 2000-01 to $1.6 billion in 2004-05. The total percentage change was 34.59 percent over the five-year period. The average annual percentage change in values was 7.71 percent.

Table 1.1 shows the historical taxable values for the Pre-2004 Limit Areas over the past five years. Taxable values have increased from $306.7 million in 2000-01 to $427.4 million in 2004-05. The total percentage change was 39.35 percent over the five-year period. The average annual percentage change in values was 8.65 percent.

Secured taxable values for the Pre-2004 Limit Areas increased by approximately $97.8 million between 2000-01 and 2004-05. Changes of ownership were the biggest contributor to growth during this period, adding approximately $27 million in new value. New development also added approximately $26 million. The major new development activity was the transfer of land and the start of construction for 132 housing units as part of the Olson Transit Village, which added $10.5 million in value. The completion and sale of the units is expected to further increase future taxable values, as described further in Section F of this Report. The balance of growth can be attributed to the allowable 2 percent inflation factor, other new investment activity, and numerous changes of ownership.

Unsecured values for the Pre-2004 Limit Areas increased by approximately $22.9 million since 2000-01. Of this amount, $18.9 million is attributable to Kaiser Foundation Hospitals. Most of the other taxable value for Kaiser is currently on the secured roll and is largely exempt from taxation. Based on discussions with the County Assessor's Office, approximately $9.0 million of the unsecured assessment for 2004-05 represents construction in progress, and such amounts may become tax exempt upon completion. For purposes of the tax increment projections in Section F, we have reduced taxable values for the Pre-2004 Limit Areas by $9.0 in 2005-06 to account for the possible increase in exemptions.

Table 1.2 shows the historical taxable values for the Post-2004 Limit Areas over the past five years. Taxable values have increased from $895.6 million in 2000-01 to $1.191

billion in 2004-05. The total percentage change was 32.96 percent over the five-year period. The average annual percentage change in values was 7.38 percent.

Between 2000-01 and 2004-05, secured taxable values for the Post-2004 Limit Areas have increased by $264.9 million. Most of this value increase occurred in the Harbour 11A Constituent Project Area, where secured values have increased by $176.2 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 ($18.7 million). In addition, one significant transfer of ownership further increased value by approximately $14.7 million in the Harbour 11A Project. The growth in secured values for Project 11A was offset by the reduction of value in 2004-05 for the Dicon Office Campus. The County reduced the value of the Dicon property by $10.8 million pursuant to Proposition 8 appeals. Other appeals filed by Dicon remain outstanding, as discussed in Section E.

In 2002-03, the assessed value for the Harbor Gate 6A Project (1995 Amendment) had fallen below the base year value for the Project. The Project declined in value in 2002-03 by $42 million. All of this value decline was 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 in 2002 to Cherokee Simeon Venture and caused an increase in value of approximately $20 million in 2003-04. Project 6A is now above the base year value by approximately $7.2 million in 2004-05.

The 2000 Amendment Areas also showed an increase in secured values by approximately $88.7 million between 2000-01 and 2004-05. Changes of ownership added over $33 million of the value increase. New development activity also added approximately $7.2 million in new value. The balance of growth can be attributed to the allowable 2 percent inflation factor, other new investment activity, and numerous small changes of ownership. Growth was offset by a reduction in value for a base year appeal filed by Boulder Bridge Development Company. The Company had purchased the site of a closed Target Store, and the County initially enrolled a value of $14.8 million based on the transfer. Upon further review, the County Assessor determined the value was too high and reduced it by $8.7 million on the 2004-05 tax roll. It is our understanding that the Agency is working with Boulder Bridge Development Company to redevelop the site.

Unsecured values for the Post 2004 Limit Areas increased from $100.7 million in 2000-01 to $131.2 million in 2004-05. Most of this increase is attributable to the addition of personal property value for Foss Maritime Company in the amount of $19.6 million in Project 11A.

A parcel verification was not performed as part of our analysis of taxable values.

Historical Tax Increment Revenues

Tables 1.0 through 1.2 provide information on the historical receipt of tax increment revenues in the Merged Project Area. 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 1.0, actual receipts of tax increment have been between 98.92 percent and 100.85 percent of the levy in the past four fiscal years for the Merged Project Area. On average, the Agency has received approximately 99.91 percent of the levy over the past four years for the Merged Project Area. Similar receipts to levy ratios were noted for the Pre-2004 Limit Areas shown on Table 1.1 and for the Post-2004 Limit Areas shown on Table 1.2.

Supplemental property tax receipts are also shown on Table 1.0. 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 $411,842 in 2000-01 to $857,864 in 2002-03. When supplemental revenues are included, the Merged Project Area has received, on average, 104.96 percent of the levy.

Top Ten Assessees

The Top Ten Assessees in the Project Area are summarized on Tables 2.0 through 2.2. Taxable value for the Top Ten Assessees represents 20.34 percent of the overall value of the entire Merged Project Area and 27.61 percent of the incremental value of the Merged Project Area. This includes $18.7 million in unsecured value for Kaiser Foundation Hospital. Of this amount, it is anticipated that $9.0 million of this value may be tax exempt in 2005-06.

For the Pre-2004 Limit Areas, the Top Ten represents 38.64 percent of the overall value of the Pre-2004 Limit Areas, and 42.68 percent of the incremental value. For the Post-2004 Limit Area, the Top Ten represents 26.86 percent of the overall value of the Post-2004 Limit Areas, and 39.73 percent of the incremental value.

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 recently resolved and open appeals in the Merged Project Area, as shown on the table below.

	Resolved Appeals			
Assessee	Current Roll Value	Applicants Value Opinion	Resolved Value	Value Reduction
Post 2004 Areas				
Catellus Development	15,729,830	10,597,135	14,484,600	1,245,230
Target Corporation	916,802	300,000	600,000	316,802
Total - Resolved	**16,646,632**	**10,897,135**	**15,084,600**	**1,562,032**

	Open Appeals			
Assessee	Current Roll Value	Applicants Value Opinion	Estimated Resolved (1) Value	Value Reduction
Pre-2004 Areas				
Hearst Corporation	27,672,747	6,850,000	22,968,380	4,704,367
Post 2004 Areas				
Bank of America Corporation	1,020,455	405,911	846,978	173,477
Berthoud, Philippe & Mary Ann	421,000	388,000	349,430	71,570
BP West Coast Products	26,264,714	7,183,076	21,799,713	4,465,001
Carr, Don & Lonne	6,295,133	4,227,272	5,224,960	1,070,173
Dicon Fiberoptics Inc.	62,567,458	20,641,000	51,930,990	10,636,468
FMC Corporation (Food Machinery Corp)	2,389,542	499,000	1,983,320	406,222
Quality Carriers, Inc.	2,805,416	800,000	2,328,495	476,921
Vital Properties LLC	1,168,002	750,000	969,442	198,560
Total - Post 2004 Areas	**102,931,720**	**34,894,259**	**85,433,328**	**17,498,392**

(1) Estimated at 17 percent reduction.

There were two recently resolved appeals that will result in value reductions of $1.6 million in 2005-06 for the Post 2004 Areas, as shown above. There are also open appeals for eight property owners, including three owners that are included in the 2004-05 Top

Ten Assessees list (Hearst Corporation; BP West Coast Products and Dicon Fiberoptics). In total, the owners have requested reductions in value of $88.0 million. For purposes of the projections shown in Section F, we have estimated the potential impact of the open appeals based on success factor ratios since 2001 in the Project Area. Over this time period, 37 appeals have been resolved. Thirty of these were either denied by the County or withdrawn by the property owner. Seven property owners were successful with their appeals. On average, reductions in value equated 17 percent for all appeals that were filed. Based on the success ratio, we have assumed a 17 percent decrease in value for the open appeals. This would result in a reduction in future taxable values in the Pre-2004 Limit Areas of $4.7 million and a reduction in the Post-2004 Limit Areas of $17.5 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 2005-06 fiscal year.

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 (2004-05) tax increment revenues are shown on Tables 3.0 through 3.2. The values utilized are based on actual taxable values provided by Contra Costa County. It should be noted that Projects 3-A and 6-A are not eligible to receive tax increment revenue from either secured personal property or any type of unsecured value. As a result, the values reported by the County for the Pre-2004 Limit Areas exclude $37.0 million in secured personal property and unsecured value attributable to these two Constituent Project Areas.

Tax increment generated from the application of the tax rate to incremental taxable value for 2004-2005 is estimated at $13,590,000 in the Merged Project Area. Of this, $4,411,000 is estimated to be generated from the Pre-2004 Limit Areas and $9,179,000 is projected to be generated from 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 2004-05 are based on the actual tax rates reported by the County for 2003-04. The overall tax rate that we applied to total incremental taxable value equals $1.1400 per $100 of assessed value. The debt service tax rate is levied for pension obligations of the City of Richmond.

Unitary revenue for the Merged Project Area is estimated to equal $86,000 for the 2004-05 fiscal year. Unitary revenue is estimated at $57,000 in the Pre-2004 Limit Areas and at $29,000 in the Post-2004 Limit Areas. The estimates are based on the County's actual allocation of unitary revenues in each of the Constituent Project Areas for 2003-04, reduced by approximately $33,000 due to an apparent error in the County's calculation of unitary revenue.

Projected Revenues

Tables 4.0 through 4.2 provide a projection of tax increment revenues. 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 2004-05 (see "Current Year Revenues" above). For 2005-06 and future fiscal years, we have used a 1.867 percent factor for the entire Merged Project Area. That reflects the factor which assessors have been directed to use by the SBE in preparing the 2004-05 tax roll. The maximum inflation factor is 2 percent per year. The other property category of value has been held constant in the projections.

The future level of taxable value and tax increment has also been increased for one new development that is currently under construction in the Pre-2004 Limit Area. The Transit Village development includes a total of 132 housing units that are at various stages of completion. Three of the units are fully on the tax roll for 2004-05. Of the balance of the units, 49 have been completed and sold. An additional 80 units are under construction and will be finished by the end of December 2004. We have added taxable value for the development to the 2005-06 and 2006-07 tax roll.

Increases in real property values have been offset by the estimated impact of recently resolved and open assessment appeals. Appeals are estimated to reduce real property values by $4.7 million in the Pre-2004 Limit Area and by $19.1 million in the Post-2004 Limit Areas. Reductions have been reflected for 2005-06 in the projections. We have

also reduced taxable values by $9.0 million for property owned by Kaiser Hospital in the Pre-2004 Limit Area that is assumed to be exempt from taxation in 2005-06.

Tax increment has been estimated based on the application of the 2003-04 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. Debt service tax rates are based on the rate levied for pension obligations for the City of Richmond, which equals $0.1400 per $100 of assessed value. That debt service tax rate is levied pursuant to Article XI of the City's Charter and Ordinance No. 9-99 adopted by the City Council on March 30, 1999. The levy of the tax rate does not have a specific ending date. 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 City also issued Pension Bonds in 1999 that are secured by the Pension tax rate. The City is required pursuant to the Trust Agreement to levy the tax rate through the final maturity of the Pension Bonds in August 2029.

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 Tables 4.0 through 4.2 do not include post January 1, 1989 tax rates.

Unitary revenues shown in the projection are based on the actual 2003-04 unitary revenues received for the Merged Project Areas, as provided by Contra Costa County. As previously stated, we have reduced that amount by approximately $33,000 due to a calculation error in the amount reported by the County. Unitary revenues have been held constant in the projection.

Section G – Adjustments and Liens on Tax Increment

The tax increment revenues of the Merged Project Area are subject to certain adjustments and liens, as described in this section. The resulting amount reflects the Available Tax Revenues, as defined in the Non-Housing Loan Agreement.

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 Tables 4.0 through 4.2.

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 to repay the Non-Housing Loan.

Tax Sharing Payments

Pursuant to 1994 legislation (AB 1290), the Agency is required to make payments to the affected taxing entities from the Merged Project Area. The payments are calculated somewhat differently for the parts of the Merged Project Area that were adopted prior to AB 1290 (Pre-AB 1290) and the areas that were added after AB 1290 (6A Harbour Gate 1995 Area and the 2000 Amendment Areas).

The payments for the Pre-AB 1290 Constituent Project Areas are required because the financial and time limitations for the various Redevelopment Plans have been amended since AB 1290 was enacted. Payments of the pass through payments are only due on increases in tax increment revenues above levels received in certain years. These years are referred to as the "AB 1290 AV Base Year" and are different for the various Constituent Project Areas.

The table below shows, for each Pre-AB 1290 Constituent Project Area, the dates when AB 1290 pass through payments have or will begin. The table also shows the AB 1290 AV Base Year, which represents the date after which the Agency owes pass through payments on any tax increment increases.

Constituent Project Area	AB 1290 AV Base	FY Pass Thru Begins
Pre-2004 Limit Areas		
1A Eastshore	1990-91	1999-00
1C Potrero	1999-00	2000-01
3A Galvin	1991-92	1999-00
6A Harbor Gate (Original)	1990-91	1995-96
8A Hensley (Original)	1993-94	1999-00
8A Hensley (1980 Area)	1993-94	1999-00
10A Downtown	2003-04	2004-05
10B Nevin	2002-03	2003-04
12A North Richmond	2002-03	2003-04
Post-2004 Limit Areas		
11 A Harbour	2003-04	2004-05

For the 1995 Harbour Gate Area and the 2000 Amendment Areas, pass through payments are due based on the total tax increment generated in those areas. The pass through payments for all Projects 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.

Tier	Payment Required
Tier 1	Pre-AB 1290 Projects: 20% of the gross tax increment attributable to increases above the AB 1290 AV Base assessed values during the remaining term the Agency receives tax increment. Post-AB 1290 Projects: 20% of total tax increment during the entire term the Agency receives tax increment.
Tier 2	Pre-AB 1290 Projects: Beginning in the 11th year after the AB 1290 AV Base is reached, an additional payment equal to 16.8% of the gross tax increment attributable to growth above levels in year 10. Post-AB 1290 Projects: Beginning in the 11th year, an additional payment equal to 16.8% of the tax increment attributable to growth above year 10 levels.
Tier 3	Pre-AB 1290 Projects: No Tier 3 payments are due since the Project Areas will no longer be receiving tax increment in the year in which this tier is triggered. Post-AB 1290 Projects: Beginning in the 31st year, an additional payment equal to 11.2% of the tax increment attributable to growth above year 30 levels.

We have noted a number of inconsistencies in the County's calculation of the AB 1290 pass through payments, including:

1. The County does not include any tax increment generated from debt service tax rates in the tax sharing payment amount.
2. Pass through payments were triggered for Projects 10B and 12B in 2002-03, but the County is not including them in the calculation.
3. Tier 2 payments should have begun for Project 1A, 3A and 6A in 2001-02, but were not included in the County's calculation.

The County method understated tax sharing payments by approximately $68,000 for 2003-04. For purposes of the tax sharing payment amounts shown on Tables 4.0 through

4.2, we have corrected for each of these problems and shown the amounts that we estimate are owed.

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.

Senior Merged Area Debt Service

The pledge of tax increment revenues under the Non-Housing Loan Agreement are subordinate to the Senior Merged Area Debt Service. The Senior Merged Area Debt Service includes payments due under the Agency's 2003 Loan Agreement and the Pre-2004 Loan Agreement. However, coverage is calculated on the basis of Available Tax Revenues, which includes the Senior Merged Area Debt Service, so we have not reduced the tax increment revenues shown on Tables 4.0 through 4.2 or 5.0 through 5.2 for the Senior Merged Area Debt Service.

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 required redevelopment agencies to shift $75 million of tax increment revenues to the Educational Revenue Augmentation Fund (ERAF) in 2002-03. The shift to ERAF offset the need for a similar amount of state aid to education. AB 1768 required that the shift be made for the 2002-03 fiscal year only and 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. The ERAF contribution for 2002-03 was $360,210 for the Project Area.

Due to continuing state budget problems, legislation was approved (SB 1045), which required an ERAF shift of $135 million for 2003-04. The legislation required that half of the shift be calculated on the basis of the 2001-02 gross tax increment of a project area and the other half on net revenues after tax sharing payments. The ERAF contribution for 2003-04 was $635,637.

The 2004-05 State budget includes a requirement that the ERAF shift would continue for two additional fiscal years at a statewide amount of $250 million annually. We estimate ERAF payments from the Project Area would equal approximately $1.2 million annually for 2004-05 and 2005-06.

It is our understanding that the ERAF obligation is subordinate to the Bonds, so we have not reduced the amount of tax increment shown on Tables 4.0 through 4.2 for such amounts.

Table 1.0
Richmond Redevelopment Agency
Merged Project Area

Historical Taxable Values and Tax Increment Revenues
Combined Project Area (1)

Description	2000/01	2001/02	% Change	2002/03	% Change	2003/04	% Change	(2) 2004/05	% Change
Secured	1,089,057,719	1,195,306,251	9.76%	1,291,592,180	8.06%	1,385,790,906	7.29%	1,451,720,473	4.76%
Utility Roll	3,468,123	3,593,611	3.62%	3,421,975	-4.78%	5,995,261	75.20%	3,279,581	-45.30%
Unsecured	109,817,153	123,584,589	12.54%	118,004,091	-4.52%	128,938,843	9.27%	163,232,370	26.60%
TOTAL VALUE	1,202,342,995	1,322,484,451	9.99%	1,413,018,246	6.85%	1,520,725,010	7.62%	1,618,232,424	6.41%
Base Year Value	426,143,038	426,143,038		426,143,038		426,143,038		426,143,038	
Incremental Value	776,199,957	896,341,413		986,875,208		1,094,581,972		1,192,089,386	
Tax Increment Levy	8,900,370	10,283,753		11,613,183		12,541,764		N/A	
Unitary Revenue	106,481	100,701		114,595		119,645		N/A	
Less Pass Through	0	(15,038)		(178,245)		(239,420)		N/A	
Less Admin Fee	(93,781)	(99,968)		(126,128)		(113,439)		N/A	
TOTAL LEVY	$8,913,071	$10,269,448		$11,423,405		$12,308,550		N/A	
Actual Receipts, less Supplemental Revenue	8,989,158	10,158,845		11,426,222		12,301,423		N/A	
PERCENTAGE OF LEVY	100.85%	98.92%		100.02%		99.94%		N/A	
Supplemental Revenues	411,842	456,913		857,864		441,053		N/A	
TOTAL RECEIPTS	9,401,000	10,615,758		12,284,086		12,742,476		N/A	
PERCENTAGE OF LEVY	105.47%	103.37%		107.53%		103.53%		N/A	

Total Percentage Assessed Value Change	34.59%
Average Percentage Assessed Value Change	7.71%
Average Receipts as a Percentage of Levy without Supplementals	99.91%
Average Receipts as a Percentage of Levy With Supplementals	104.96%

(1) Includes the entire Merged Project Area.
(2) The County will not report the levy amount due for 2004/05 for the Merged Project until about October 2004.

Table 1.1
Richmond Redevelopment Agency
Merged Project Area

Historical Taxable Values and Tax Increment Revenues
Pre-2004 Limit Areas (1)

Description	2000/01	2001/02	% Change	2002/03	% Change	2003/04	% Change	2004/05 (2)	% Change
Secured	297,639,232	320,928,863	7.82%	$338,971,369	5.62%	$364,125,698	7.42%	$395,431,018	8.60%
Utility Roll	0	0	0.00%	0	0.00%	0	0.00%	5,568	0.00%
Unsecured	9,074,062	12,152,631	33.93%	14,377,827	18.31%	17,025,850	18.42%	31,960,587	87.72%
TOTAL VALUE	306,713,294	333,081,494	8.60%	353,349,196	6.08%	381,151,548	7.87%	427,397,173	12.13%
Base Year Value	40,459,440	40,459,440		40,459,440		40,459,440		40,459,440	
Incremental Value	266,253,854	292,622,054		312,889,756		340,692,108		386,937,733	
Tax Increment Levy	$3,053,352	$3,357,734		$3,588,126		$3,904,114		N/A	
Unitary Revenue	$57,206	$52,869		$54,720		$57,259		N/A	
Less Pass Through	$0	($3,000)		($55,047)		($62,143)		N/A	
Less Admin Fee	($33,405)	($33,483)		($39,222)		($35,513)		N/A	
TOTAL LEVY	$3,077,153	$3,374,119		$3,548,578		$3,863,717		N/A	
Actual Receipts, less Supplemental Revenue	$3,126,741	$3,351,641		$3,551,052		$3,858,445		N/A	
PERCENTAGE OF LEVY	101.61%	99.33%		100.07%		99.86%		N/A	
Supplemental Revenues	$75,614	$106,124		$124,755		$105,524		N/A	
TOTAL RECEIPTS	3,202,355	3,457,765		3,675,807		3,963,968		N/A	
PERCENTAGE OF LEVY	104.07%	102.48%		103.59%		102.59%		N/A	

Total Percentage Assessed Value Change	39.35%
Average Percentage Assessed Value Change	8.65%
Average Receipts as a Percentage of Levy Without Supplementals	100.18%
Average Receipts as a Percentage of Levy With Supplementals	103.15%

(1) Includes the following areas: Projects 1-A, 1-C, 3-A, 6-A (original area), 8-A (original and addition), 10-A, 10-B and 12-A.
(2) The tax increment levy is not available from the County.

Table 1.2
Richmond Redevelopment Agency
Merged Project Area

Historical Taxable Values and Tax Increment Revenues
Post- 2004 Limit Areas (1)

Description	2000/01	2001/02	% Change	2002/03	% Change	2003/04	% Change	2004/05(2)	% Change
Secured	$791,418,487	$874,377,388	10.48%	$952,620,811	8.95%	$1,021,665,208	7.25%	$1,056,289,455	3.39%
Utility Roll	3,468,123	3,593,611	3.62%	3,421,975	-4.78%	5,995,261	75.20%	3,274,013	-45.39%
Unsecured	100,743,091	111,431,958	10.61%	103,626,264	-7.00%	111,912,993	8.00%	131,271,783	17.30%
TOTAL VALUE	895,629,701	989,402,957	10.47%	1,059,669,050	7.10%	1,139,573,462	7.54%	1,190,835,251	4.50%
Base Year Value	385,683,598	385,683,598		385,683,598		385,683,598		385,683,598	
Incremental Value	509,946,103	603,719,359		673,985,452		753,889,864		805,151,653	
Tax Increment Levy	5,847,019	6,926,019		8,025,057		8,637,650		N/A	
Unitary Revenue	49,275	47,832		59,875		62,386		N/A	
Less Pass Through	0	(12,038)		(123,198)		(177,277)		N/A	
Less Admin Fee	(60,376)	(66,485)		(86,906)		(77,926)		N/A	
TOTAL LEVY	$5,835,917	$6,895,328		$7,874,827		$8,444,833		N/A	
Actual Receipts, less Supplemental Revenue	5,862,417	6,807,204		7,875,170		8,442,978		N/A	
PERCENTAGE OF LEVY	100.45%	98.72%		100.00%		99.98%		N/A	
Supplemental Revenues	336,228	350,789		733,109		335,529		N/A	
TOTAL RECEIPTS	6,198,645	7,157,993		8,608,279		8,778,508		N/A	
PERCENTAGE OF LEVY	106.22%	103.81%		109.31%		103.95%		N/A	

Total Percentage Assessed Value Change	32.96%
Average Percentage Assessed Value Change	7.38%
Average Receipts as a Percentage of Levy Without Supplementals	99.78%
Average Receipts as a Percentage of Levy With Supplementals	105.83%

(1) Includes Project 6A (1995 Area), Project 11-A and the 2000 Amendment Areas.
(2) The County will not report the levy amount due for 2004/05 for the Merged Project until about October 2004.

Table 2.0
Richmond Redevelopment Agency
Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES
COMBINED PROJECT AREA

Assessee	Type of Use	Secured	Unsecured	2004-05 Taxable Value (1)	% of Total Value (2)	% of Inc Value (2)
Dicon Fiberoptics Inc. (3)	Industrial	$62,567,458	$0	$62,567,458	3.87%	5.25%
Security Capital Pacific Trust	Residential	45,617,331	0	45,617,331	2.82%	3.83%
Cherokee Simeon Venture I LLC	Commercial	42,958,007	0	42,958,007	2.65%	3.60%
BP West Coast Products (3)	Industrial	26,437,677	1,513,477	27,951,154	1.73%	2.34%
The Hearst Corporation (3)	Newspaper	27,672,747	0	27,672,747	1.71%	2.32%
California Fats & Oils Inc.	Industrial	27,431,138	0	27,431,138	1.70%	2.30%
Rafanelli & Namas LP	Residential	24,162,985	0	24,162,985	1.49%	2.03%
Richmond Marina Shores II	Residential	24,041,762	0	24,041,762	1.49%	2.02%
Kaiser Foundation Hospital (4)	Hospital	4,869,071	18,668,437	23,537,508	1.45%	1.97%
Tosco Corporation	Industrial	23,187,761	20,397	23,208,158	1.43%	1.95%
Total Valuation		**$308,945,937**	**$20,202,311**	**$329,148,248**	**20.34%**	**27.61%**

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2004-05 Project Area taxable value of $1,618,232,424 and incremental value of $1,192,089,386.
(3) Each of these property owners have outstanding appeals.
(4) Approximately $9.0 million of the value that is shown is expected to be tax exempt in 2005-06.

Source: Contra Costa County Assessor Records

Table 2.1
Richmond Redevelopment Agency
Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES
PRE 2004 LIMIT AREAS

Assessee	Type of Use	Secured	Unsecured	Total 2004-05 Taxable Value (1)	%of Total Value (2)	%of Inc Value (2)
The Hearst Corporation	Newspaper	$27,672,747	$0	$27,672,747	6.47%	7.15%
Kaiser Foundation Hospital (3)	Hospital	4,869,071	18,668,437	23,537,508	5.51%	6.08%
ZKS Richmond Associates I LLC	Industrial	17,925,015	0	17,925,015	4.19%	4.63%
Point Richmond R&D Associates	Industrial	16,711,977	141,750	16,853,727	3.94%	4.36%
Parker Hannifin Corporation	Industrial	15,783,134	0	15,783,134	3.69%	4.08%
Regatta Holdings Inc.	Industrial	15,165,300	0	15,165,300	3.55%	3.92%
Safeway Inc. (4)	Supermarket	14,383,301	0	14,383,301	3.37%	3.72%
American Standard Properties	Industrial	12,828,750	0	12,828,750	3.00%	3.32%
RVIP Richmond LLC	Commercial	11,976,013	0	11,976,013	2.80%	3.10%
Headlands Realty Corporations	Commercial	9,014,308	0	9,014,308	2.11%	2.33%
Total Valuation		**146,329,616**	**18,810,187**	**165,139,803**	**38.64%**	**42.68%**

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2004-05 Project Area taxable value of $427,397,173 and incremental value of $386,937,733.
(3) Approximately $9.0 million of the value that is shown is expected to be tax exempt in 2005-06.
(4) Because this property is in Project 3-A, personal property value has been excluded.

Source: Contra Costa County Assessor Records

Table 2.2
Richmond Redevelopment Agency
Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES
POST 2004 LIMIT AREAS

Assessee	Type of Use	Secured	Unsecured	Total 2004-05 Taxable Value (1)	% of Total Value (2)	% of Inc Value (2)
Dicon Fiberoptics Inc. (3)	Industrial	$62,567,458	$0	$62,567,458	5.25%	7.77%
Security Capital Pacific Trust	Residential	45,617,331	0	45,617,331	3.83%	5.67%
Cherokee Simeon Venture I LLC	Commercial	42,958,007	0	42,958,007	3.61%	5.34%
BP West Coast Products (3)	Industrial	26,437,677	1,513,477	27,951,154	2.35%	3.47%
California Fats & Oils Inc.	Industrial	27,431,138	0	27,431,138	2.30%	3.41%
Rafanelli & Namas LP	Residential	24,162,985	0	24,162,985	2.03%	3.00%
Richmond Marina Shores II	Residential	24,041,762		24,041,762	2.02%	2.99%
Tosco Corporation	Industrial	23,187,761	20,397	23,208,158	1.95%	2.88%
Harbour Properties LLC	Industrial	22,113,704	0	22,113,704	1.86%	2.75%
Levin Metals Corporation	Industrial	19,842,606	0	19,842,606	1.67%	2.46%
Total Valuation		**318,360,429**	**1,533,874**	**319,894,303**	**26.86%**	**39.73%**

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2004-05 Project Area taxable value of $1,190,835,251 and incremental value of $805,151,653.
(3) Each of these property owners have outstanding appeals.

Source: Contra Costa County Assessor Records

Table 3.0
Richmond Redevelopment Agency
Merged Project Area

ESTIMATE OF TAX INCREMENT REVENUE FOR FISCAL YEAR 2004-05
COMBINED PROJECT AREA

	Taxable Value (1)
Local Secured	
Land	555,422,846
Improvements	1,025,618,156
Personal Property	22,466,885
Gross Local Secured	1,603,507,887
Exempt	151,787,414
Net Local Secured	1,451,720,473
State Assessed	3,279,581
Unsecured	
Land	2,402,608
Improvements	51,507,530
Personal Property	112,151,201
Total Unsecured	166,061,339
Exempt	2,828,969
Net Unsecured	163,232,370
Total Value	1,618,232,424
Base Year Taxable Value	426,143,038
Incremental Taxable Value	1,192,089,386
Tax Increment (2)	13,589,819
Unitary Tax Increment	86,643
Total Tax Increment Revenue	**13,676,462**
Adjustments to Tax Increment Revenue:	
Property Tax Administration Fees (3)	136,765
Liens on Tax Increment	
Housing Set-Aside (4)	2,735,292
AB 1290 Tax Sharing (5)	550,854
Senior Harbour Debt Service (6)	2,336,563
Available Tax Revenues	**$7,916,988**

(1) Based on taxable values per Contra Costa County Auditor-Controller, as adjusted for exemptions.
(2) Calculated based on the application of the estimated tax rate to incremental value.
(3) Estimated based on percentage that 2004-05 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 3.1
Richmond Redevelopment Agency
Merged Project Area

ESTIMATE OF TAX INCREMENT REVENUE FOR FISCAL YEAR 2004-05
PRE-2004 LIMIT AREAS

	Taxable Value (1)
Local Secured	
Land	121,448,918
Improvements	407,413,935
Personal Property	9,972,675
Gross Local Secured	538,835,528
Exempt	143,404,510
Net Local Secured	395,431,018
State Assessed	5,568
Unsecured	
Land	29,567
Improvements	16,885,020
Personal Property	17,632,895
Total Unsecured	34,547,482
Exempt	2,586,895
Net Unsecured	31,960,587
Total Value	427,397,173
Base Year Taxable Value	40,459,440
Incremental Taxable Value	386,937,733
Tax Increment (2)	4,411,090
Unitary Tax Increment	57,255
Total Tax Increment Revenue	**4,468,345**
Adjustments to Tax Increment Revenue:	
Property Tax Administration Fees (3)	44,683
Liens on Tax Increment	
Housing Set-Aside (4)	893,669
AB 1290 Tax Sharing (5)	231,882
Available Tax Revenues	**$3,298,111**

(1) Based on taxable values per Contra Costa County Auditor-Controller. Adjustments reflect exemptions not filed.
(2) Calculated based on the application of the estimated tax rate to incremental value.
(3) Estimated based on percentage that 2003-04 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.

Table 3.2
Richmond Redevelopment Agency
Merged Project Area

ESTIMATE OF TAX INCREMENT REVENUE FOR FISCAL YEAR 2004-05
POST 2004 LIMIT AREAS

	Taxable Value (1)
Local Secured	
Land	433,973,928
Improvements	618,204,221
Personal Property	12,494,210
Gross Local Secured	1,064,672,359
Exempt	8,382,904
Net Local Secured	1,056,289,455
State Assessed	3,274,013
Unsecured	
Land	2,373,041
Improvements	34,622,510
Personal Property	94,518,306
Total Unsecured	131,513,857
Exempt	242,074
Net Unsecured	131,271,783
Total Value	1,190,835,251
Base Year Taxable Value	385,683,598
Incremental Taxable Value	805,151,653
Tax Increment (2)	9,178,729
Unitary Tax Increment	29,388
Total Tax Increment Revenue	**9,208,117**
Adjustments to Tax Increment Revenue:	
Property Tax Administration Fees (3)	92,081
Liens on Tax Increment	
Housing Set-Aside (4)	1,841,623
AB 1290 Tax Sharing (5)	318,972
Senior Harbour Debt Service (6)	2,336,563
Available Tax Revenues	**$4,618,877**

(1) Based on taxable values per Contra Costa County Auditor-Controller.
(2) Calculated based on the application of the City of Richmond tax rate to incremental value.
(3) Estimated based on percentage that 2003-04 actual amount represented to total tax increment.
(4) Based on 20 percent of total tax increment revenue.
(5) Tax sharing payments per the provisions of AB 1290.
(6) Maximum annual debt service on Senior Harbour bonds.

Table 4.0
Richmond Redevelopment Agency
Merged Project Area

PROJECTION OF INCREMENTAL TAX REVENUE
COMBINED 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 $426,143	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	Available Tax Revenues
2004 - 2005	N/A	N/A	$1,483,164	$135,069	$1,618,232	$1,192,089	$13,590	$87	$13,676	$137	$2,735	$551	$2,337	$7,917
2005 - 2006	1,477,478	21,972	1,499,450	135,069	1,634,519	1,208,376	13,775	87	13,862	139	2,772	601	2,337	8,013
2006 - 2007	1,527,445	12,531	1,539,976	135,069	1,675,044	1,248,901	14,237	87	14,324	143	2,865	697	2,337	8,282
2007 - 2008	1,568,727	0	1,568,727	135,069	1,703,796	1,277,653	14,565	87	14,652	146	2,930	772	2,337	8,467
2008 - 2009	1,598,015	0	1,598,015	135,069	1,733,084	1,306,941	14,899	87	14,986	150	2,997	848	2,337	8,655
2009 - 2010	1,627,850	0	1,627,850	135,069	1,762,919	1,336,776	15,239	87	15,326	153	3,065	925	2,337	8,846
2010 - 2011	1,658,242	0	1,658,242	135,069	1,793,311	1,367,168	15,586	87	15,672	157	3,134	1,008	2,337	9,037
2011 - 2012	1,689,201	0	1,689,201	135,069	1,824,270	1,398,127	15,939	87	16,025	160	3,205	1,105	2,337	9,219
2012 - 2013	1,720,739	0	1,720,739	135,069	1,855,807	1,429,664	16,298	87	16,385	164	3,277	1,203	2,337	9,404
2013 - 2014	1,752,865	0	1,752,865	135,069	1,887,934	1,461,791	16,664	87	16,751	167	3,350	1,304	2,337	9,593
2014 - 2015	1,785,591	0	1,785,591	135,069	1,920,660	1,494,517	17,037	87	17,124	171	3,425	1,438	2,337	9,753
2015 - 2016	1,818,928	0	1,818,928	135,069	1,953,997	1,527,854	17,418	87	17,504	175	3,501	1,575	2,337	9,917
2016 - 2017	1,852,887	0	1,852,887	135,069	1,987,956	1,561,813	17,805	87	17,891	179	3,578	1,715	2,337	10,083
2017 - 2018	1,887,481	0	1,887,481	135,069	2,022,549	1,596,406	18,199	87	18,286	183	3,657	1,857	2,337	10,252
2018 - 2019	1,922,720	0	1,922,720	135,069	2,057,789	1,631,646	18,601	87	18,687	187	3,737	2,002	2,337	10,425
2019 - 2020	1,427,101	0	1,427,101	110,362	1,537,463	1,149,783	13,108	34	13,142	131	2,628	1,433	2,337	6,612
2020 - 2021	1,453,745	0	1,453,745	110,362	1,564,107	1,176,427	13,411	34	13,445	134	2,689	1,545	2,337	6,740
2021 - 2022	1,480,887	0	1,480,887	110,362	1,591,248	1,203,569	13,721	34	13,755	138	2,751	1,659	2,337	6,871
2022 - 2023	1,486,891	0	1,486,891	110,341	1,597,232	1,211,281	13,809	30	13,839	138	2,768	1,743	2,337	6,853
2023 - 2024	1,514,651	0	1,514,651	110,341	1,624,992	1,239,041	14,125	30	14,155	142	2,831	1,860	0	9,323
2024 - 2025	1,542,930	0	1,542,930	110,341	1,653,271	1,267,320	14,447	30	14,478	145	2,896	1,978	0	9,459
2025 - 2026	1,571,736	0	1,571,736	110,341	1,682,077	1,296,126	14,776	30	14,806	148	2,961	2,099	0	9,597
2026 - 2027	625,875	0	625,875	28,766	654,641	319,743	3,645	1	3,646	36	729	1,047	0	1,833
2027 - 2028	637,561	0	637,561	28,766	666,326	331,428	3,778	1	3,779	38	756	1,096	0	1,889
2028 - 2029	649,464	0	649,464	28,766	678,229	343,331	3,914	1	3,915	39	783	1,151	0	1,942
2029 - 2030	661,589	0	661,589	28,766	690,355	355,457	4,052	1	4,053	41	811	1,207	0	1,995

(1) Prior Year Real Property increased by 1.867 percent per year. The value for 2005-06 has been reduced for exempt property and appeals.
(2) Based on Transit Village development.
(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 Costs County for 2003-04.
(6) Property tax administration fees are based on 1 percent of tax increment, which is the percentage that such fees represented in 2003-04.
(7) Tax sharing payments per AB 1290.

Table 4.1
Richmond Redevelopment Agency
Merged Project Area

PROJECTION OF INCREMENTAL TAX REVENUE
PRE-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 $40,459	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment Revenue	Property Tax (6) Admin Fee	Housing Set-Aside	AB 1290 (7) Tax Sharing Payments	Available Tax Revenues
2004 - 2005	N/A	N/A	$402,373	$25,024	$427,397	$386,938	$4,411	$57	$4,468	$45	$894	$232	$3,298
2005 - 2006	395,925	21,972	417,897	25,024	442,921	402,462	4,588	57	4,645	46	929	280	3,389
2006 - 2007	425,699	12,531	438,230	25,024	463,254	422,795	4,820	57	4,877	49	975	330	3,523
2007 - 2008	446,412	0	446,412	25,024	471,436	430,977	4,913	57	4,970	50	994	353	3,574
2008 - 2009	454,746	0	454,746	25,024	479,771	439,311	5,008	57	5,065	51	1,013	376	3,626
2009 - 2010	463,237	0	463,237	25,024	488,261	447,801	5,105	57	5,162	52	1,032	399	3,679
2010 - 2011	471,885	0	471,885	25,024	496,909	456,450	5,204	57	5,261	53	1,052	427	3,729
2011 - 2012	480,695	0	480,695	25,024	505,720	465,260	5,304	57	5,361	54	1,072	457	3,779
2012 - 2013	489,670	0	489,670	25,024	514,694	474,235	5,406	57	5,464	55	1,093	487	3,829
2013 - 2014	498,812	0	498,812	25,024	523,836	483,377	5,510	57	5,568	56	1,114	518	3,880
2014 - 2015	508,125	0	508,125	25,024	533,149	492,690	5,617	57	5,674	57	1,135	554	3,928
2015 - 2016	517,611	0	517,611	25,024	542,636	502,176	5,725	57	5,782	58	1,156	591	3,977
2016 - 2017	527,275	0	527,275	25,024	552,300	511,840	5,835	57	5,892	59	1,178	629	4,026
2017 - 2018	537,120	0	537,120	25,024	562,144	521,684	5,947	57	6,004	60	1,201	667	4,076
2018 - 2019	547,148	0	547,148	25,024	572,172	531,712	6,062	57	6,119	61	1,224	707	4,127
2019 - 2020	25,847	0	25,847	317	26,164	24,168	276	5	280	3	56	30	191
2020 - 2021	26,329	0	26,329	317	26,647	24,651	281	5	286	3	57	32	193
2021 - 2022	26,821	0	26,821	317	27,138	25,142	287	5	291	3	58	34	196
2022 - 2023	5,678	0	5,678	296	5,974	5,707	65	1	66	1	13	5	47
2023 - 2024	5,784	0	5,784	296	6,080	5,813	66	1	67	1	13	5	48
2024 - 2025	5,892	0	5,892	296	6,188	5,921	68	1	68	1	14	6	48
2025 - 2026	6,002	0	6,002	296	6,298	6,031	69	1	69	1	14	6	49
2026 - 2027	6,114	0	6,114	296	6,410	6,143	70	1	71	1	14	7	49
2027 - 2028	6,228	0	6,228	296	6,524	6,257	71	1	72	1	14	7	49
2028 - 2029	6,345	0	6,345	296	6,641	6,374	73	1	73	1	15	8	50
2029 - 2030	6,463	0	6,463	296	6,759	6,492	74	1	75	1	15	9	50

(1) Prior Year Real Property increased by an average of 1.867 percent per year. The value for 2005-06 has been reduced for exempt property and potential appeals impacts.
(2) Based on Transit Village development.
(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. Excludes tax rate levied by the East Bay Park District for 2003-04 only.
(5) Based on amount reported by Contra Costa County for 2003-04.
(6) Property tax administration fees are based on 1 percent of tax increment, which is the percentage that such fees represented in 2001-02.
(7) Tax sharing payments per AB 1290.

Table 4.2
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 $385,684	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	Available Tax Revenues
2004 - 2005	N/A	N/A	$1,080,791	$110,044	$1,190,835	$805,152	$9,179	$29	$9,208	$92	$1,842	$319	$2,337	4,619
2005 - 2006	1,081,553	0	1,081,553	110,044	1,191,597	805,914	9,187	29	9,217	92	1,843	321	2,337	4,624
2006 - 2007	1,101,745	0	1,101,745	110,044	1,211,790	826,106	9,418	29	9,447	94	1,889	367	2,337	4,760
2007 - 2008	1,122,315	0	1,122,315	110,044	1,232,360	846,676	9,652	29	9,681	97	1,936	419	2,337	4,893
2008 - 2009	1,143,269	0	1,143,269	110,044	1,253,313	867,630	9,891	29	9,920	99	1,984	472	2,337	5,029
2009 - 2010	1,164,614	0	1,164,614	110,044	1,274,658	888,974	10,134	29	10,164	102	2,033	526	2,337	5,167
2010 - 2011	1,186,357	0	1,186,357	110,044	1,296,401	910,718	10,382	29	10,412	104	2,082	581	2,337	5,308
2011 - 2012	1,208,506	0	1,208,506	110,044	1,318,551	932,867	10,635	29	10,664	107	2,133	648	2,337	5,440
2012 - 2013	1,231,069	0	1,231,069	110,044	1,341,113	955,430	10,892	29	10,921	109	2,184	716	2,337	5,575
2013 - 2014	1,254,053	0	1,254,053	110,044	1,364,097	978,414	11,154	29	11,183	112	2,237	786	2,337	5,713
2014 - 2015	1,277,466	0	1,277,466	110,044	1,387,511	1,001,827	11,421	29	11,450	115	2,290	884	2,337	5,825
2015 - 2016	1,301,316	0	1,301,316	110,044	1,411,361	1,025,677	11,693	29	11,722	117	2,344	984	2,337	5,940
2016 - 2017	1,325,612	0	1,325,612	110,044	1,435,656	1,049,973	11,970	29	11,999	120	2,400	1,086	2,337	6,057
2017 - 2018	1,350,361	0	1,350,361	110,044	1,460,406	1,074,722	12,252	29	12,281	123	2,456	1,190	2,337	6,176
2018 - 2019	1,375,572	0	1,375,572	110,044	1,485,617	1,099,933	12,539	29	12,569	126	2,514	1,295	2,337	6,297
2019 - 2020	1,401,254	0	1,401,254	110,044	1,511,299	1,125,615	12,832	29	12,861	129	2,572	1,403	2,337	6,421
2020 - 2021	1,427,416	0	1,427,416	110,044	1,537,460	1,151,777	13,130	29	13,160	132	2,632	1,513	2,337	6,547
2021 - 2022	1,454,066	0	1,454,066	110,044	1,564,110	1,178,427	13,434	29	13,463	135	2,693	1,625	2,337	6,675
2022 - 2023	1,481,213	0	1,481,213	110,044	1,591,258	1,205,574	13,744	29	13,773	138	2,755	1,739	2,337	6,806
2023 - 2024	1,508,867	0	1,508,867	110,044	1,618,912	1,233,228	14,059	29	14,088	141	2,818	1,855	0	9,275
2024 - 2025	1,537,038	0	1,537,038	110,044	1,647,082	1,261,399	14,380	29	14,409	144	2,882	1,973	0	9,411
2025 - 2026	1,565,734	0	1,565,734	110,044	1,675,779	1,290,095	14,707	29	14,736	147	2,947	2,093	0	9,549
2026 - 2027	619,761	0	619,761	28,469	648,231	313,599	3,575	0	3,575	36	715	1,040	0	1,784
2027 - 2028	631,332	0	631,332	28,469	659,802	325,170	3,707	0	3,707	37	741	1,089	0	1,840
2028 - 2029	643,119	0	643,119	28,469	671,589	336,957	3,841	0	3,842	38	768	1,143	0	1,892
2029 - 2030	655,126	0	655,126	28,469	683,596	348,964	3,978	0	3,978	40	796	1,199	0	1,944

(1) Prior Year Real Property increased by 1.867 percent per year. The value for 2005-06 has been reduced for potential appeals impacts.
(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. Excludes tax rate levied by the East Bay Park District per additional bonds test.
(5) Based on amount reported by Contra Costa County for 2003-04.
(6) Property tax administration fees are based on 1 percent of tax increment, which is the percentage that such fees represented in 2003-04.
(7) Tax sharing payments per AB 1290.
(8) Maximum annual debt service on Senior Harbour bonds.

APPENDIX H

AUDITED FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2003

(THIS PAGE INTENTIONALLY LEFT BLANK)

Richmond Redevelopment Agency

Richmond, California

Basic Financial Statements and Independent Auditors' Reports

For the year ended June 30, 2003

C&L
Caporicci & Larson
Certified Public Accountants

Richmond Redevelopment Agency

Table of Contents

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government - Wide Financial Statement:	
Statement of Net Assets	14
Statement of Activities and Changes in Net Assets	15
Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Governmental Funds Balance Sheet to the Government – Wide Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government – Wide Statement of Activities and Changes in Net Assets	24
Notes to Basic Financial Statements	25
Required Supplementary Information:	
Budgets and Budgetary Accounting	40
Budgetary Comparison Schedule – General Fund	41
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	48
Independent Auditors' Report on Compliance	51

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 accompanying basic 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, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Governmental Accounting Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2003, and the results of its operations and changes in fund balances for the year then ended in conformity with generally accepted accounting principles in the United States.

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplemental information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Caporicci & Larson

Oakland, California
November 21, 2003

Toll Free Ph: (877) 862-2200
Toll Free Fax: (866) 436-0927

Oakland
180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County
3184-D Airway Avenue
Costa Mesa, California 92626

Sacramento
777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego
600 "B" Street, Suite 1900
San Diego, California 92101

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2003. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

USING THIS ANNUAL REPORT

This Comprehensive Annual Financial Report consists of the Financial Section, which includes Management's Discussion and Analysis (this part) as well as:

The Basic Financial Statements, which include the Government-Wide and the Fund Financial Statements

Notes to these financial statements

Required Supplemental Information

The financial statements presented herein include all of the activities of the Redevelopment Agency of City of Richmond (City) using the integrated approach as prescribed by GASB Statement No. 34.

FINANCIAL HIGHLIGHTS

Blight eliminating, property enhancing and economic development projects financed and/or sponsored by the Agency during the year included:

$56 million committed or spent to rehabilitate and convert the City's historic Ford Assembly Plant into office space for job producing and tax paying businesses. The Agency spent $19 million of its Federal grant, tax revenue bonds and tax increment proceeds during the fiscal year.

$100 million committed to construct the City's new Transit Village of which $40 million were from Agency controlled funds and $60 million from private developers. The transit village will include 231 housing units, half of which will be for families with low and moderate income; a potential cultural arts facility and major improvements to facilities for three modes of mass transportation; a parking structure with a minimum of 800 spaces; and 27,000 square feet of retail space.

$10.1 million committed to construct housing for 30 low and moderate income households in the City of Richmond's Chesley Street Area; this consisted of $4.9 million of tax increment set-aside for low and moderate income housing, and revenue bonds proceeds and $5.2 Million obtained from a private developer.

$4.83 million spent for new parks, City street enhancements, railroad crossings, public art and buildings facade improvements.

- The Agency's net assets increased $3,860,285 to negative $34,710,218 as a result of this year's operations.

- Total Assets increased $471,992 due to a $2,254,076 increase in non-current assets offset by a $1,782,084 decrease in current assets.

- Total Liabilities decreased by $3,388,293. This was due to decreases of $1,902,594 and $1,485,699 in current liabilities and long-term debt, respectively. The decrease in current liabilities resulted primarily from the $2,784,774 repayment of advances from the City and a $256,470 decrease in accounts payable and other accrued liabilities offset by a $1,161,184 increase in long-term bond debt due within one year. The decrease in long-term debt was due substantially to the $2,035,000 of long-term bonds that became due within one year and a $37,762 decrease in compensated absences payables offset by a new $587,063 loan from the California Housing Finance Agency.

- During the year, the Agency's Federal and State grants proceeds, property taxes and earnings from investment exceeded last year's by $18,880,488. These positive revenues were only partially offset by increased expenditures.

The Basic Financial Statements – Reporting the Agency as a Whole

The Basic Financial Statements comprise the Government-Wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Agency's financial activities and financial position.

The Government-Wide Financial Statements provide a longer-term view of the Agency's activities as a whole, and comprise the *Statement of Net Assets* and the *Statement of Activities and Changes in Net Assets.* The *Statement of Net Assets* provides information about the financial position of the Agency as a whole, including all capital assets and long-term liabilities on the full accrual basis of accounting. Over time, increases or decreases in the Agency's net assets may serve as an indicator of the Agency's *overall* financial health. Other factors to consider are changes in the Agency's property tax base and the ability to meet debt service payments. The *Statement of Activities and Changes in Net Assets* provides information about all of the Agency's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues and expenses of each of the Agency's programs. The Statement of Activities explains in detail the changes in Net Assets for the year.

In the *Statement of Net Assets* and the *Statement of Activities and Changes in Net Assets,* the Agency's activities are separated as follows:

Governmental Activities – all of the Agency's basic services are considered to be governmental activities, including development services and interest on long-term debt.

Government-Wide Financial Statements - are prepared on the accrual basis, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Reporting the Agency's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the Agency's funds. Some funds are required to be established by State law and by bond covenants. However, the Agency Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

- *Governmental funds* – all of the Agency's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Agency's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. Capital assets and other long-lived assets, along with long-term liabilities are not presented in the Governmental Fund Financial Statements. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities and Changes in Net Assets) and Governmental Fund Financial Statements are explained in a reconciliation schedule following each Governmental Fund Financial Statement.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the Agency's budgetary principals and comparison schedules for the General Fund.

THE AGENCY AS A WHOLE

The Agency's combined Net Assets for the fiscal year ended June 30, 2003 were:

Table 1
Net Assets
Governmental Activities

	2003	2002	Increase (Decrease)
Current and Other Assets	$ 40,869,578	$ 42,651,662	$ (1,782,084)
Non-current Assets	12,625,190	10,371,114	2,254,076
Total Assets	53,494,768	53,022,776	471,992
Current Liabilities	35,038,430	36,941,024	1,902,594
Non-current Liabilities	53,166,556	54,652,255	1,485,699
Total Liabilities	88,204,986	91,593,279	3,388,293
Net Assets:			
Investments in Capital Assets, Net of Debt	(42,685,911)	(46,434,331)	3,748,420
Restricted for:			
Capital Projects	33,835,893	34,313,247	(477,354)
Debt Service	(25,561,868)	(27,155,822)	1,593,954
Unrestricted	(298,332)	706,403	(1,004,735)
Total Restricted/Unrestricted Net Assets	7,975,693	7,863,828	111,865
Total Net Assets	$ (34,710,218)	$ (38,570,503)	$ 3,860,285

Net assets increased by $3,860,285 during fiscal year 2003. This increase comes from the change in net assets as recorded in the Statement of Activities and flows through the Statement of Net Assets. Program expenses by function, general revenues by major source, excess and or deficiency of revenues over expenses, special and extraordinary items, and total assets are presented in the Statement of Activities and Changes in Net Assets and Statement of Net Assets.

The following is an explanation of the changes between fiscal years as shown in Table 1:

Assets increased by $471,992:

- Current and Other Assets decreased by $1,782,084 primarily because although general revenues exceeded net program expenditures by $3,860,285, additional expenditures for construction in progress, payment of advances from the City and net long-term debt principal repayments over new debt proceeds totaled $2,673,065, $2,784,774 and $286,753, respectively.

- Non-current Assets increased $2,254,076 due to the $2,673,065 increase in construction in progress decreased by depreciation expense and capital assets disposals.

Liabilities decreased by $3,388,293:

- Current Liabilities decreased by a net amount of $1,902,594 due substantially to the $2,784,774 repayment of the advances from the City and a $256,470 reduction in Accounts Payable and Accrued Liabilities offset by a $1,161,184 increase in Long-Term debt due within one year.

- Non-current Liabilities decreased by a total of $1,485,699 consisting of the $2,035,000 of Long-Term debt that is now due within one year less the new $587,063 loan from the California Housing Finance Agency and a $37,762 decrease in compensated absences payables.

Net Assets increased by $3,860,285:

- Investment in Capital Assets Net of Related Debt increased by $3,748,420 largely due to the $2,498,517 increase to the construction in progress component of capital assets, a net decrease in long-term debt of $286,753 and accrued interest of $963,150 included in the prior year's calculation of long-term debt; while the current year's accrued interest of $941,364 was excluded from the current year's calculation.

- Restricted and Unrestricted Net Assets increased by $111,865.

Governmental Activities

Table 2 presents the revenues and expenses for the Agency as a whole.

Table 2
Revenue and Expenses
Governmental Activities

	2003	2002	Increase (Decrease)
Revenues:			
Program Revenues:			
Capital Grants and Contributions	$ 14,248,084	$ 1,199,114	$ 13,048,970
General Revenues:			
Property Taxes	12,010,629	10,699,457	1,311,172
Investment Earnings	2,222,920	2,504,323	(281,403)
Miscellaneous	781,042	852,123	(71,081)
Transfers-in	775,875	-	775,875
Loss on Sale of Capital Assets	(36,342)	(4,133,297)	4,096,955
Total Revenues and Transfers	30,002,208	11,121,720	18,880,488
Expenses:			
Housing and Redevelopment	23,143,114	6,246,040	(16,897,074)
Interest on Long-Term Debt	2,998,809	3,922,395	923,586
Total Expenses	26,141,923	10,168,435	(15,973,488)
Increase (Decrease) in Net Assets	**$ 3,860,285**	**$ 953,285**	**$ 2,907,000**

Program revenues increased by $13,048,970:

- The increase in program revenues was due to the receipt of $14,243,084 from a Loma Prieta Earthquake grant from FEMA.

General revenues increased by $5,831,518:

- Property taxes increased $1,311,172 from an increase in property values resulting the Agency's blight eliminating and other property enhancing activities.
- The Agency received an operating transfer of $775,875 from the City of Richmond to partially finance construction of the proposed "Lucretia Edwards" park.
- The loss from sale of capital assets was only $36,342 vs. $4,133,297 in the prior year offset by a $281,403 reduction in investment earnings due to a decrease in tax allocation revenue bonds proceeds invested.

Expenses increased by $15,973,488:

- The increase in Housing and Redevelopment expenditures was due primarily to the $15,823,496 of FEMA grant funds and tax increment expended to rehabilitate the City of Richmond's historic Ford Assembly Plant building.
- The decrease in interest on long-term debt is due to accrued interest on long-term debt at prior year-end of $963,150 being included with interest on long-term debt; while, the $941,364 of accrued interest at current year-end was included with housing and redevelopment expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2003, the Agency had $12,281,931 invested in capital assets, net of accumulated depreciation. (See Table No. 3 below.) During the fiscal year, construction in progress increased from $2,104,612 to $4,583,009. Land held by the Agency increased by $124,184 and $34,412 of computer software was acquired. Capital assets sales and disposals totaled $90,634 and depreciation expense recorded for the year was $151,053.

Table 3
Capital Assets at June 30, 2003

	Original cost	Depreciation	Total Capital Assets, Net
Furniture, Machinery and Equipment	$ 275,560	$ 17,498	$ 258,062
Buildings and Building Improvements	4,302,531	2,594,298	1,708,233
Land	5,732,626	-	5,732,626
Construction in Progress	4,583,010	-	4,583,010
Total	**$ 14,893,727**	**$ 2,611,796**	**$ 12,281,931**

Debt

Table 4
Outstanding Debt, at June 30, 2003
Government Activities

	2003	2002
Tax Allocation Revenue Bonds:		
1991 Issue	$ 1,045,000	$ 1,460,000
1998 Issue	21,747,779	21,772,779
2000A Issue	25,720,000	25,720,000
2000B Issue	5,365,000	5,535,000
Notes and Loans Payable:		
U.C. Berkeley Note	-	263,816
Wells Fargo Bank Loan	500,000	500,000
CA Housing Finance Agency Loan	587,063	-
Total	**$ 54,964,842**	**$ 55,251,595**

The 1998 Tax Allocation Revenue Bonds (TARB) were issued primarily to repay advances for redevelopment projects received from the City and refinance most of the 1991 TARB, the non-refinanced remaining balance of which will be paid down to only $305,000 during fiscal year 2004.

The 2000A TARB, which also repaid $3 million of redevelopment projects advances from the City, and the 2000B TARB were issued primarily to fund redevelopment and low and moderate income housing projects within the City.

The CA Housing Finance Agency (CHFA) loan, which is part of a $1.5 million line of credit awarded to the Agency by CHFA, and the Wells Fargo Bank loan are low interest loans whose principal balances do not have to be repaid for 10 years and 15 years, respectively. Proceeds of these loans must be used to provide housing for households with low and/or moderately low incomes.

The Agency's projected cash flows would allow additional debt to be incurred for future projects that the Agency Board may decide are beneficial to the City of Richmond. Accordingly, in August 2003, the Agency issued tax anticipation revenue bonds that generated $23 million of bond proceeds. S & P's Investors Service assigned that 2003 issuance a rating of "AAA-".

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the Agency's revenue forecast for fiscal year 2003-2004 were:

1. Property tax increment revenues will increase by 2% due to an estimated rise in assessed valuation.

2. General growth plus an additional $1.1 million of tax increment from the City's new Transit Village ($0.5 million), the Simeon/Zeneca development ($0.4 million) and the rehabilitated Ford Building ($0.2 million).

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at the City of Richmond, 1401 Marina Way South, Richmond, CA, 94804.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Richmond Redevelopment Agency
Statement of Net Assets
June 30, 2003

	Primary Government Governmental Activities
ASSETS	
Current assets:	
Cash and investments	$ 10,289,968
Restricted cash and investments	29,111,109
Accounts and other receivables	832,279
Deposits	384,661
Advances to City of Richmond	243,408
Total current assets	40,861,425
Noncurrent assets:	
Notes receivable	354,412
Capital assets:	
Non depreciable	10,315,636
Depreciable, net	1,966,295
Total capital assets, net of accumulated depreciation	12,281,931
Total noncurrent assets	12,636,343
Total assets	53,497,768
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	898,947
Accrued interest payable	941,364
Refundable deposits	29,202
Advances from City of Richmond	31,133,917
Long-term debt, due within one year	2,035,000
Total current liabilities	35,038,430
Long-term liabilities:	
Compensated absences	236,714
Long-term debt, due in more than one year	52,929,842
Total long-term liabilities	53,166,556
Total liabilities	88,204,986
NET ASSETS	
Invested in capital assets, net of related debt	(42,682,911)
Restricted for:	
Capital projects	33,835,893
Debt service	(25,561,868)
Unrestricted	(298,332)
Total net assets	$ (34,707,218)

See accompanying Notes to Basic Financial Statements.

Richmond Redevelopment Agency
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2003

Functions / Programs	Expenses	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Primary government:			
Governmental activities:			
Housing and redevelopment	$ 23,143,114	$ 14,248,084	$ (8,895,030)
Interest and fiscal agent fees on long-term debt	2,998,809	-	(2,998,809)
Total governmental activities	26,141,923	14,248,084	(11,893,839)
Total primary government	$ 26,141,923	$ 14,248,084	(11,893,839)
General revenues:			
Taxes:			
Property taxes			12,010,629
Investment earnings			2,222,920
Miscellaneous			781,042
Transfers from City			775,875
Loss on sale of capital assets			(36,342)
Total general revenues			15,754,124
Change in net assets			3,860,285
Net assets - beginning of the year, previously reported			(38,567,503)
Net assets - end of year			$ (34,707,218)

See accompanying Notes to Basic Financial Statements.

This page intentionally left blank.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Richmond Redevelopment Agency
Balance Sheet
Governmental Funds
June 30, 2003

	Major Funds				
	General	Downtown Debt Services	Harbour Debt Services	Eastshore Park Debt Services	Potrero Debt Services
ASSETS					
Cash, cash equivalents and investments	$ 707,690	$ 5,756	$ 643,127	$ 4,572	$ 1,204
Restricted cash , cash equivalents and investments	-	-	2,259,506	-	-
Accounts and other receivables	457	252	1,249	175	439
Deposits	384,661	-	-	-	-
Advances to other funds	-	-	-	-	-
Advances to City of Richmond	-	-	-	-	-
Notes receivable	1,457,535	-	-	-	-
Total assets	$ 2,550,343	$ 6,008	$ 2,903,882	$ 4,747	$ 1,643
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 71,757	$ -	$ -	$ -	$ -
Refundable deposits	27,500	-	-	-	-
Advances from other funds	115,000	-	-	-	-
Advances from City of Richmond	-	14,452,943	11,729,469	3,852,055	429,803
Deferred revenues	1,456,340	-	-	-	-
Total liabilities	1,670,597	14,452,943	11,729,469	3,852,055	429,803
Fund Balances:					
Reserved:					
Encumbrances	132,199	-	-	-	-
Long-term receivables	-	-	-	-	-
Debt service	-	6,008	2,903,882	4,747	1,643
Unreserved, reported in:					
Special revenue funds	747,547	-	-	-	-
Debt service funds	-	(14,452,943)	(11,729,469)	(3,852,055)	(429,803)
Capital project funds	-	-	-	-	-
Total fund balances	879,746	(14,446,935)	(8,825,587)	(3,847,308)	(428,160)
Total liabilities and fund balances	$ 2,550,343	$ 6,008	$ 2,903,882	$ 4,747	$ 1,643

See accompanying Notes to Basic Financial Statements.

	Major Funds						
	Galvin Debt Services	JPA 2000 TARB Capital Projects	Low/Moderate Income Housing Capital Projects	Downtown Capital Projects	Harbour Capital Projects	Non-Major Governmental Funds	Total
	$ 5,052	$ 131,693	$ 5,954,153	$ 68,708	$ 105,731	$ 2,662,282	$ 10,289,968
	-	23,643,247	-	304,200	2,904,156	-	29,111,109
	484	458,663	6,977	100	360,356	3,127	832,279
	-	-	-	-	-	-	384,661
	-	-	-	55,000	60,000	-	115,000
	-	-	-	-	120,000	123,408	243,408
	-	-	250,000	466,307	-	12,500	2,186,342
	$ 5,536	$ 24,233,603	$ 6,211,130	$ 894,315	$ 3,550,243	$ 2,801,317	$ 43,162,767
	$ -	$ -	$ 89,696	$ 121,509	$ 553,893	$ 62,092	$ 898,947
	-	-	-	1,702	-	-	29,202
	-	-	-	-	-	-	115,000
	559,554	-	-	-	-	110,093	31,133,917
	-	-	-	363,090	-	12,500	1,831,930
	559,554	-	89,696	486,301	553,893	184,685	34,008,996
	-	-	594,954	513,513	1,618,130	935,793	3,794,589
	-	-	250,000	103,216	120,000	-	473,216
	5,536	-	-	-	-	2,283,121	5,204,937
	-	-	-	-	-	-	747,547
	(559,554)	-	-	-	-	257,019	(30,766,805)
	-	24,233,603	5,276,480	(208,715)	1,258,220	(859,301)	29,700,287
	(554,018)	24,233,603	6,121,434	408,014	2,996,350	2,616,632	9,153,771
	$ 5,536	$ 24,233,603	$ 6,211,130	$ 894,315	$ 3,550,243	$ 2,801,317	$ 43,162,767

This page intentionally left blank.

Richmond Redevelopment Agency
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets
June 30, 2003

Total Fund Balances - Total Governmental Funds	$	9,153,771
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		12,281,931
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.		(941,364)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated absences		(236,714)
Long-term debt		(54,964,842)
Net Assets of Governmental Activities	$	(34,707,218)

See accompanying Notes to Basic Financial Statements.

Richmond Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2003

	Major Funds				
	General	Downtown Debt Services	Harbour Debt Services	Eastshore Park Debt Services	Potrero Debt Services
REVENUES:					
Property taxes	$ -	$ 455,228	$ 6,029,270	$ 301,004	$ 629,516
Intergovernmental	5,000	-	-	-	-
Investment income	541,816	650	143,907	926	1,518
Other	109,710	-	-	-	-
Total revenues	656,526	455,878	6,173,177	301,930	631,034
EXPENDITURES:					
Housing and redevelopment	3,694,418	-	-	-	-
Capital outlay	36,555	-	-	-	-
Debt service:					
Principal	-	-	703,816	-	-
Interest and fiscal charges	-	838,256	1,144,240	227,209	28,464
Other	34,643	-	6,908	-	-
Total expenditures	3,765,616	838,256	1,854,964	227,209	28,464
REVENUES OVER (UNDER) EXPENDITURES	(3,109,090)	(382,378)	4,318,213	74,721	602,570
OTHER FINANCING SOURCES (USES):					
Proceeds from note	-	-	-	-	-
Transfers in from City	-	-	-	-	-
Transfers in	3,007,867	2,143,025	1,220,721	259,563	-
Transfers out	-	(230,000)	(5,075,007)	(85,000)	(779,456)
Total other financing sources (uses)	3,007,867	1,913,025	(3,854,286)	174,563	(779,456)
Net change in fund balances	(101,223)	1,530,647	463,927	249,284	(176,886)
FUND BALANCES:					
Beginning of year, as previously reported	980,969	(15,977,582)	(11,241,991)	(3,226,014)	-
Prior period adjustments	-	-	1,952,477	(870,578)	(251,274)
Beginning of year, as restated	980,969	(15,977,582)	(9,289,514)	(4,096,592)	(251,274)
End of year	$ 879,746	$ (14,446,935)	$ (8,825,587)	$ (3,847,308)	$ (428,160)

See accompanying Notes to Basic Financial Statements.

	Major Funds						
	Galvin Debt Services	JPA 2000 TARB Capital Projects	Low/Moderate Income Housing Capital Projects	Downtown Capital Projects	Harbour Capital Projects	Non-Major Governmental Funds	Total
	$ 591,935	$ -	$ 2,474,168	$ -	$ -	$ 1,529,508	$ 12,010,629
	-	-	-	-	14,243,084	-	14,248,084
	1,965	1,400,491	23,610	78,247	19,062	10,728	2,222,920
	-	-	-	71,999	599,333	-	781,042
	593,900	1,400,491	2,497,778	150,246	14,861,479	1,540,236	29,262,675
	-	-	429,990	450,626	16,729,369	189,764	21,494,167
	-	-	511,850	397,868	2,905,999	304,596	4,156,868
	-	-	-	-	-	170,000	873,816
	37,092	-	-	-	-	745,334	3,020,595
	11,442	10,439	-	1,268	-	-	64,700
	48,534	10,439	941,840	849,762	19,635,368	1,409,694	29,610,146
	545,366	1,390,052	1,555,938	(699,516)	(4,773,889)	130,542	(347,471)
	-	-	587,063	-	-	-	587,063
	-	-	-	-	775,875	-	775,875
	-	-	2,000,000	713,070	6,012,506	4,054,554	19,411,306
	(1,794,081)	(2,675,903)	(3,482,343)	-	(1,854,369)	(3,435,147)	(19,411,306)
	(1,794,081)	(2,675,903)	(895,280)	713,070	4,934,012	619,407	1,362,938
	(1,248,715)	(1,285,851)	660,658	13,554	160,123	749,949	1,015,467
	1,388,766	25,519,454	5,460,776	394,460	2,836,227	2,003,239	8,138,304
	(694,069)	-	-	-	-	(136,556)	-
	694,697	25,519,454	5,460,776	394,460	2,836,227	1,866,683	8,138,304
	$ (554,018)	$ 24,233,603	$ 6,121,434	$ 408,014	$ 2,996,350	$ 2,616,632	$ 9,153,771

Richmond Redevelopment Agency

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

For the year ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds	$	1,015,467
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		2,685,912
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds.		(151,053)
Loss on the disposal of capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, it is not reported as expenditures in governmental funds.		(36,342)
Long-term compensated absences are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds.		37,762
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		
Long-term debt proceeds		(587,063)
Principal payment		873,816
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in governmental funds. The following amount represents the change in accrued interest from prior year.		21,786
Change in Net Assets of Governmental Activities	$	3,860,285

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Richmond Redevelopment 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 basic 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 basic financial statements.

The 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 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 has 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 Agency notes and bonds, and sale and rental of real property acquired with these funds.

Although the 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 Agency and members of the City Council serve as the governing board of the Agency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

The accounts of the Agency are organized on the basis of funds, 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. Agency resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements – The Agency's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental Activities for the Agency. The Agency has no Business Type Activities.

The basic financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as revenues for the Agency are general revenues such as property tax increment and interest revenues. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated. In the Statement of Activities, interfund transfers have been eliminated.

The Agency applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) to the governmental activities.

Governmental Fund Financial Statements - Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide financial statements. The Agency has presented all major funds as required.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Agency, are property tax increment and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

C. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Agency's policy is to apply restricted net assets first.

D. 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.

E. 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."

F. Capital Assets

Capital assets are those assets acquired for general governmental purposes. Such assets currently purchased or constructed are recorded as expenditures in the Government-Wide Financial Statements. Contributed capital assets are recorded at fair market value at the time received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Long-term Obligations

Government-Wide Financial Statements - Long-term debt and other financed obligations are reported as liabilities in the governmental activities.

Fund Financial Statements - The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

H. 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 Agency's Government-Wide Financial Statements as accrued compensated absences until paid. The Agency is not liable for payment to employees for accrued sick leave and no related liability is recorded in the accompanying basic financial statements. The Agency's portion of related liabilities is not considered significant to the Agency.

I. 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.

Under California law, property taxes are assessed and collected by the County of Contra Costa (County). Under the Teeter plan, the County remits the full assessment regardless of the amounts received. The County assesses, bills, and collects property taxes as follows:

Lien Date	January 1
Levy Date	July 1
Due Date	November 1 and February 1
Collection Date	December 10 and April 10

The Agency is required to set aside a portion of tax increments received to increase and improve the community's supply of low and moderate-income housing.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Deferred Revenues

In Governmental Fund Financial Statements, 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.

K. Net Assets and Fund Equity

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets" as defined above.

In the Fund Financial Statements, reservations and designations of fund balances of the governmental funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity to not available for future expenditures.

L. 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.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2003 consisted of the following:

Cash and investments pooled with the City	$	10,289,968
Restricted cash and investments		29,111,109
Total cash and investments	$	39,401,077

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.

2. CASH AND INVESTMENTS, Continued

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 Basic Financial Statements for disclosures related to cash and investments and the related custodial risk categorization.

3. NOTES RECEIVABLE

	Balance
EDA loans	$ 363,090
Mechanics Bank serviced loans	104,412
Atchison Village Annex apartments	477,920
Heritage Park development	250,000
Silent second mortgage loans	990,920
Total loans and notes	$ 2,186,342

The EDA loans are the Agency's Revolving Loan Fund (RLF) is a community based program with the goal of fostering local economic growth through the creation and retention of employment opportunities for Richmond residents and complementing community and individual development initiatives. The outstanding balance at June 30, 2003 was $363,090.

The Merchanics Bank Serviced Loans represent four loans given to individuals by the Agency to establish businesses in the blighted area. 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 Mechanics Bank and credited to the Agency's account. The outstanding balance at June 30, 2003 was $104,412.

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 stated interest rate is 3% but accrual is waived until September 1, 2004. The monthly installment of interest and principal in the amount of $1,726 is payable commencing September 1, 2004 to September 1, 2019. The outstanding balance of the loan at June 30, 2003 was $250,000.

3. NOTES RECEIVABLE, Continued

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 of the loan at June 30, 2003 was $990,920.

4. INTERFUND RECEIVABLES AND PAYABLES

Fund Financial Statements

At June 30, 2003, the Agency had the following advances to and from other funds:

		Advances from Other Funds	
		General	Total
Advances to Other Funds	Capital projects funds:		
	Downtown	$ 55,000	$ 55,000
	Harbour	60,000	60,000
	Total	$ 115,000	$ 115,000

At June 30, 2003, the Agency had the following operating transfers in and out:

		Transfers In								
		Major Funds								
		General	Downtown Debt Service	Harbour Debt Service	Eastshore Park Debt Service	Low/Mod. Income Housing Capital Projects	Downtown Capital Projects	Harbour Capital Projects	Non-Major Governmental Funds	Total
Transfers Out	Major funds:									
	Downtown debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ 230,000	$ -	$ 230,000
	Harbour debt service	169,978	-	1,004,919	-	-	-	725,000	3,175,110	5,075,007
	Eastshore Park debt service	-	-	-	-	-	-	85,000	-	85,000
	Potrero debt serve	-	-	-	-	-	-	779,456	-	779,456
	Galvin debt service		-	-	-	-	-	1,794,081	-	1,794,081
	JPA 2000 TARB Capital Projects	-	-	-	-	-	-	2,398,969	276,934	2,675,903
	Low/Mod. income									
	Housing capital projects	800,520	-	79,313	-	2,000,000	-	-	602,510	3,482,343
	Harbour capital projects	70,817	1,377,340	136,489	259,563	-	10,160	-	-	1,854,369
	Non-Major governmental									
	Funds	1,966,552	765,685	-	-	-	702,910	-	-	3,435,147
	Total	$ 3,007,867	$ 2,143,025	$ 1,220,721	$ 259,563	$ 2,000,000	$ 713,070	$ 6,012,506	$ 4,054,554	$ 19,411,306

5. DEFERRED REVENUE

Deferred revenue in the General Fund and Capital Projects Funds at June 30, 2003, consisted of the following:

Notes receivable:	
EDA loans	363,090
Atchison Village Annex apartments	477,920
Silent second mortgage loans	990,920
Total	$ 1,831,930

6. CAPITAL ASSETS

The following is a summary of the Agency's capital assets:

	Balance July 1, 2003	Reclassification/ Additions	Retirements	IntraCo Tfrs.	Balance June 30, 2003
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 5,608,712	$ 160,256	$ (36,342)	$ -	5,732,626
Construction in progress	2,104,613	2,478,397	-	-	4,583,010
Total capital assets, not being depreciated	7,713,325	2,638,653	(36,342)	-	10,315,636
Capital assets, being depreciated:					
Buildings	4,302,531	-	-	-	4,302,531
Machinery and equipment	279,628	34,412	(54,292)	15,812	275,560
Total capital assets, being depreciated	4,582,159	34,412	(54,292)	15,812	4,578,091
Accumulated depreciation	(2,512,070)	(151,053)	54,292	(2,965)	(2,611,796)
Total capital assets, being depreciated, net	2,070,089	(116,641)	-	12,847	1,966,295
Governmental activities capital assets, net	$ 9,783,414	$ 2,522,012	$ (36,342)	$ 12,847	$ 12,281,931

Depreciation expense for capital assets for the year ended June 30, 2003 and 2002 was $151,053 and $144,522, respectively.

7. LONG-TERM OBLIGATIONS

Summary of changes in long-term debt for the year ended June 30, 2003:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due within One Year	Due Over One Year
Bonds payable	$ 54,487,779	$ -	$ (610,000)	$ 53,877,779	$ 2,035,000	$ 51,842,779
Notes payable	763,816	587,063	(263,816)	1,087,063	-	1,087,063
Total	$ 150,850,625	$ 587,063	$ (873,816)	$ 54,964,842	$ 2,035,000	$ 52,929,842

Bonds Payable

Bonds payable at June 30, 2003 consisted of the following:

Harbour Tax Allocation Refunding Bonds - 1991	$ 1,045,000
Harbour Tax Allocation Refunding Bonds - 1998 Series A	21,747,779
JPFA Tax Allocation Revenue Bonds - 2000 Series A	25,720,000
JPFA Tax Allocation Revenue Bonds - 2000 Series B	5,365,000
Total	$ 53,877,779

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 2004, 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	Total
2004	$ 740,000	$ 43,550	$ 783,550
2005	-	21,350	21,350
2006	-	21,350	21,350
2007	-	21,350	21,350
2008	-	-	-
2009	305,000	53,375	358,375
Total	$ 1,045,000	$ 160,975	$ 1,205,975

7. LONG-TERM DEBT, Continued

Bonds Payable, Continued

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 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.

The annual debt service requirements on the bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2004	$ -	$ 717,728	$ 717,728
2005	470,000	708,328	1,178,328
2006	485,000	689,228	1,174,228
2007	500,000	669,153	1,169,153
2008	525,000	647,753	1,172,753
2009-2013	4,747,361	2,866,338	7,613,699
2014-2018	6,375,722	2,017,175	8,392,897
2019-2023	8,331,667	878,881	9,210,548
2024	313,030	26,838	339,868
Total	$ 21,747,779	$ 9,221,419	$ 30,969,198

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 Joint Powers Financing Authority (Richmond JPFA) and consisted of series A Bonds which 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 2030 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%

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*

and $110,000 in 2030 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.

The annual debt service requirements on the Series A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 1,110,000	$ 1,222,108	$ 2,332,108
2005	1,155,000	1,176,808	2,331,808
2006	1,200,000	1,126,708	2,326,708
2007	1,255,000	1,073,353	2,328,353
2008	1,305,000	1,017,635	2,322,635
2009-2013	7,510,000	4,082,271	11,592,271
2014-2018	9,470,000	2,047,760	11,517,760
2019-2023	2,495,000	159,863	2,654,863
2024-2028	150,000	39,113	189,113
2029-2030	70,000	3,675	73,675
Total	$ 25,720,000	$ 11,949,291	$ 37,669,291

The annual debt service requirements on the Series B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 185,000	$ 397,493	$ 582,493
2005	195,000	384,193	579,193
2006	210,000	370,018	580,018
2007	225,000	354,793	579,793
2008	240,000	338,098	578,098
2009-2013	1,500,000	1,384,281	2,884,281
2014-2018	2,165,000	622,518	2,787,518
2019-2023	600,000	52,398	652,398
2024-2028	25,000	13,000	38,000
2029-2030	20,000	1,600	21,600
Total	$ 5,365,000	$ 3,918,392	$ 9,283,392

7. LONG-TERM DEBT, Continued

Notes Payable

1. *Well 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. The loan bears a fixed interest rate equal to 1.5% for the first then years, thereafter is adjusted to a fixed rate of 3.5% below the ten year US Treasury note. The amount outstanding at June 30, 2003 was $500,000.

For the Years Ending June 30,	Principal	Interest	Total
2004	$ -	$ 7,500	$ 7,500
2005	-	7,500	7,500
2006	-	7,500	7,500
2007	-	7,500	7,500
2008	-	7,500	7,500
2009-2013	-	37,500	37,500
2014-2017	500,000	30,000	530,000
Total	$ 500,000	$ 105,000	$ 605,000

2. *CHFA Help Loan – Original Amount $1,500,000*

On September 22, 2000, the Agency entered into an agreement with California Housing Finance Agency, to assist the Agency in operating a local housing program which provides loans to nonprofit developers for the purpose of financing the acquisition, preconstruction, and construction of single-family ownership and multifamily rental properties. The loan is due ten years from the date of the loan. The loan bears a simple per annum 3% interest rate. The amount outstanding at June 30, 2003 was $587,063.

3. *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 was due in annual installments of $486,439 through 2003 at an interest rate of 8%. The loan was paid in full during fiscal year 2002-2003.

8. DEFICIT NET ASSETS

At June 30, 2003, restrictions of net assets were as follows:

Invested in capital assets, net of related debt	$ (42,682,911)
Restricted net assets:	
Capital projects	33,835,893
Debt service	(25,561,868)
Unrestricted	(298,332)
Total net assets	$ (34,707,218)

The unrestricted net assets had a deficit balance because long-term debt is in excess of capital assets owned by the Agency. The Agency issues debt for construction and/or acquisition of assets. Upon completion of construction or acquisition, the capital assets are turned over to the City or to private parties within the redevelopment project area. The debt will be repaid with future property tax increment revenue.

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 City corrected long term advances in various funds in the fund financial statement. The net effect on fund balance is zero.

	Harbour Debt Service	Eastshore Park Debt Service	Potrero Debt Servcie	Galvin Debt Service	Non-Major Governmental Fund
Fund balances, as previously reported	$ (11,241,991)	$ (3,226,014)	$ -	$ 1,388,766	$ 66,184
Prior period adjustment	1,952,477	(870,578)	(251,274)	(694,069)	(136,556)
Fund balances, as restated	$ (9,289,514)	$ (4,096,592)	$ (251,274)	$ 694,697	$ (70,372)

REQUIRED SUPPLEMENTARY INFORMATION

Richmond Redevelopment Agency
Required Supplementary Information
For the year ended June 30, 2003

1. 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 Special Revenue 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. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Governmental Funds - General Fund

	Budgeted Amount			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
Intergovernmental	$ -	$ -	$ 5,000	$ 5,000
Investment income	294,338	294,338	541,816	247,478
Other	-	-	109,710	109,710
Total revenues	294,338	294,338	656,526	362,188
EXPENDITURES:				
Housing and redevelopment	3,997,677	4,151,419	3,694,418	457,001
Capital outlay	54,250	54,250	36,555	17,695
Other	-	-	34,643	(34,643)
Total expenditures	4,051,927	4,205,669	3,765,616	440,053
REVENUES OVER (UNDER) EXPENDITURES	(3,757,589)	(3,911,331)	(3,109,090)	802,241
OTHER FINANCING SOURCES (USES):				
Transfers in	4,051,927	4,051,927	3,007,867	(1,044,060)
Total other financing sources (uses)	4,051,927	4,051,927	3,007,867	(1,044,060)
Net change in fund balances	$ 294,338	$ 140,596	(101,223)	$ (395,561)
FUND BALANCES:				
Beginning of year			980,969	
End of year			$ 879,746	

This page intentionally left blank.

SUPPLEMENTAL INFORMATION

This page intentionally left blank.

NON-MAJOR GOVERNMENTAL FUNDS

Richmond Redevelopment Agency
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

	Low/Moderate 2000 TARB Debt Service	Pilot Debt Service	Harbor Gate Debt Service	Hensley Debt Service
ASSETS				
Cash, cash equivalents and investments	$ 2,256,365	$ 50,468	$ 308,191	$ 2,615
Accounts and other receivables	1,754	76	435	660
Advances to City of Richmond	-	-	-	-
Notes receivable	-	-	-	-
Total assets	$ 2,258,119	$ 50,544	$ 308,626	$ 3,275
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -
Advances from City of Richmond	-	110,093	-	-
Deferred revenues	-	-	-	-
Total liabilities	-	110,093	-	-
Fund Balances:				
Reserved:				
Encumbrances	-	-	-	-
Debt service	2,258,119	-	-	-
Unreserved, reported in:				
Debt service funds	-	(59,549)	308,626	3,275
Capital project funds	-	-	-	-
Total fund balances	2,258,119	(59,549)	308,626	3,275
Total liabilities and fund balances	$ 2,258,119	$ 50,544	$ 308,626	$ 3,275

Nevin Center Debt Service	North Richmond Debt Service	Wells Fargo Debt Service	Hensley Capital Projects	Redevelopment CIP Capital Projects	Total
$ 4,326	$ 142	$ 25,002	$ 2,794	$ 12,379	$ 2,662,282
108	91	-	3	-	3,127
-	-	-	123,408	-	123,408
-	-	-	12,500	-	12,500
$ 4,434	$ 233	$ 25,002	$ 138,705	$ 12,379	$ 2,801,317
$ -	$ -	$ -	$ -	$ 62,092	$ 62,092
-	-	-	-	-	110,093
-	-	-	12,500	-	12,500
-	-	-	12,500	62,092	184,685
-	-	-	-	935,793	935,793
-	-	25,002	-	-	2,283,121
4,434	233	-	-	-	257,019
-	-	-	126,205	(985,506)	(859,301)
4,434	233	25,002	126,205	(49,713)	2,616,632
$ 4,434	$ 233	$ 25,002	$ 138,705	$ 12,379	$ 2,801,317

Richmond Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2003

	Low/Moderate 2000 TARB Debt Service	Pilot Debt Service	Harbor Gate Debt Service	Hensley Debt Service
REVENUES:				
Property taxes	$ -	$ 66,412	$ 323,398	$ 1,050,880
Investment income	4,342	318	2,279	1,983
Other	-	-	-	-
Total revenues	4,342	66,730	325,677	1,052,863
EXPENDITURES:				
Housing and redevelopment	-	-	-	-
Capital projects	-	-	-	-
Debt service:				
Principal	170,000	-	-	-
Interest and fiscal charges	729,749	7,293	-	-
Total expenditures	899,749	7,293	-	-
REVENUES OVER (UNDER) EXPENDITURES	(895,407)	59,437	325,677	1,052,863
OTHER FINANCING SOURCES (USES):				
Transfers in	3,553,526	-	-	-
Transfers out	(400,000)	(48,614)	(463,884)	(2,280,490)
Total other financing sources (uses)	3,153,526	(48,614)	(463,884)	(2,280,490)
Net change in fund balances	2,258,119	10,823	(138,207)	(1,227,627)
FUND BALANCES:				
Beginning of year, as previously reported	-	66,184	446,833	1,230,902
Prior period adjustments	-	(136,556)	-	-
Beginning of year, as restated	-	(70,372)	446,833	1,230,902
End of year	$ 2,258,119	$ (59,549)	$ 308,626	$ 3,275

Nevin Center Debt Service	North Richmond Debt Service	Wells Fargo Debt Service	Hensley Capital Projects	Redevelopment CIP Capital Projects	Total
$ 46,073	$ 42,745	$ -	$ -	$ -	$ 1,529,508
489	439	2	9	867	10,728
-	-	-	-	-	-
46,562	43,184	2	9	867	1,540,236
-	-	-	-	189,764	189,764
-	-	-	-	304,596	304,596
-	-	-	-	-	170,000
-	-	8,292	-	-	745,334
-	-	8,292	-	494,360	1,409,694
46,562	43,184	(8,290)	9	(493,493)	130,542
-	-	33,292	-	467,736	4,054,554
(124,004)	(118,155)	-	-	-	(3,435,147)
(124,004)	(118,155)	33,292	-	467,736	619,407
(77,442)	(74,971)	25,002	9	(25,757)	749,949
81,876	75,204	-	126,196	(23,956)	2,003,239
-	-	-	-	-	(136,556)
81,876	75,204	-	126,196	(23,956)	1,866,683
$ 4,434	$ 233	$ 25,002	$ 126,205	$ (49,713)	$ 2,616,632

This page intentionally left blank.

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 basic financial statements of the Richmond Redevelopment Agency (Agency) as of and for the year ended June 30, 2003, and have issued our report thereon dated November 21, 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 basic financial statements of the Agency are free of material misstatements, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement 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 basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the 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 the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Agency's Board, management, and the State Controller. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson

Oakland, California
November 21, 2003

Toll Free Ph: (877) 862-2200 Toll Free Fax: (866) 436-0927

Oakland
180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County
3184-D Airway Avenue
Costa Mesa, California 92626

Sacramento
777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego
600 "B" Street, Suite 1900
San Diego, California 92101

(THIS PAGE INTENTIONALLY LEFT BLANK)

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 2004A (Taxable) and Series 2004B (Tax-Exempt) (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 October 7, 2004, 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: October 7, 2004

RICHMOND JOINT POWERS FINANCING AUTHORITY

By: _____
Authorized Officer

RICHMOND REDEVELOPMENT AGENCY

By: _____
Authorized Officer

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 2004B 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 2004B 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 2004A 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

$15,000,000
Tax Allocation Revenue Bonds
Series 2004A (Taxable)

$2,000,000
Housing Set-Aside Tax Allocation Revenue Bonds
Series 2004B (Tax-Exempt)

Dated: Date of Delivery

Due: September 1, as shown on inside 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 2004A (Taxable) (the "Series 2004A Bonds") and Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and, together with the Series 2004A Bonds, the "Bonds") of the Richmond Joint Powers Financing Authority (the "Authority") are being issued in accordance with a Trust Agreement, dated as of October 1, 2004 (the "Trust Agreement"), by and between the Authority and Union Bank of California, N.A., San Francisco, California, as trustee (the "Trustee"). The proceeds of the Series 2004A Bonds will be used to (i) pay the approximate amount of $6,367,031 to the City of Richmond (the "City") in full and final payment of the Prior City Obligations, (ii) finance certain working capital requirements of the Richmond Redevelopment Agency (the "Agency"); (iii) finance certain low and moderate income housing activities of the Agency, (iv) fund the reserve account for the Series 2004A Bonds, and (v) pay certain costs related to the issuance of the Series 2004A Bonds. The proceeds of the Series 2004B Bonds will be used to (i) finance certain low and moderate income housing activities of the Agency, (ii) fund the reserve account for the Series 2004B Bonds, and (iii) pay certain costs related to the issuance of the Series 2004B 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, 2005.

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

The Series 2004A 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 (Non-Housing) by and between the Authority and the Agency, dated as of October 1, 2004 (the "Non-Housing Loan Agreement") and a Loan Agreement (Housing) by and between the Authority and the Agency, dated as of October 1, 2004 (the "Housing Loan Agreement" and, together with the Non-Housing Loan Agreement, the "Loan Agreements") and certain amounts on deposit in the funds and accounts held under the Trust Agreement. The Series 2004B 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 the Housing Loan Agreement and certain amounts on deposit in the funds and accounts held under the Trust Agreement.

The Agency's obligation to make certain payments under the Non-Housing Loan Agreement (the "Series 2004A Non-Housing Loan Payments") and certain payments under the Housing Loan Agreement (the "Housing Loan Payments" and, together with the Series 2004A Non-Housing Loan Payments, the "Loan Payments") are secured by a pledge of certain tax increment revenues derived from taxable property within the Agency's merged redevelopment project areas, identified in the Loan Agreements as the "Merged 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 Merged Project Area, are subject to a lien prior and senior to the lien of the Non-Housing Loan Agreement. Additionally, the Series 2004A Non-Housing Loan Payments are payable from certain tax increment revenues derived from the Merged Project Area on a basis subordinate to the lien of the 2003 Loan Agreement and the Pre-2004 Loan Agreement (collectively, the "Senior Merged Area Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations to the Loan Agreements."

The Housing Loan Payments are payable from certain tax increment revenues derived from the Merged Project Area on a basis subordinate to the lien of the Pre-2004 Loan Agreement, but only with respect to the payments thereunder required to be paid from amounts allocable to the Agency's Housing Fund in respect of the Authority's Housing Set-Aside Tax Allocation Revenue Bonds, Series 2000B (Taxable) (the "Senior Merged Area Housing Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations to the Loan Agreements."

The scheduled payment of principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued simultaneously with the delivery of the Bonds by XL Capital Assurance Inc. as described herein. See "DESCRIPTION OF THE INSURER" herein.

XL CAPITAL ASSURANCE

NEITHER THE BONDS NOR THE OBLIGATIONS OF THE AGENCY UNDER THE LOAN AGREEMENTS 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 AGREEMENTS. THE OBLIGATIONS OF THE AGENCY UNDER THE LOAN AGREEMENTS ARE LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE ONLY OUT OF CERTAIN FUNDS OF THE AGENCY AS SET FORTH IN THE LOAN AGREEMENTS. 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 the 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 October 28, 2004.

RBC DAIN RAUSCHER

Dated: October 15, 2004

MATURITY SCHEDULE

$15,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS
SERIES 2004 A (TAXABLE)

Maturity (September 1)	Principal Amount	Interest Rate	Yield
2005	$ 260,000	2.450%	2.490%
2006	150,000	2.950	2.970
2007	150,000	3.250	3.270
2008	155,000	3.550	3.560
2009	160,000	3.850	3.860
2010	165,000	4.100	4.110
2011	175,000	4.350	4.360
2012	185,000	4.550	4.550
2013	190,000	4.700	4.710
2014	200,000	4.750	4.780
2015	210,000	4.850	4.870

$4,275,000 5.090% Series 2004A Term Bond due September 1, 2020, Price 100.000%
$8,725,000 5.440% Series 2004A Term Bond due September 1, 2026, Price 100.000%

$2,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BONDS
SERIES 2004B (TAX-EXEMPT)

Maturity (September 1)	Principal Amount	Interest Rate	Yield
2005	$ 75,000	2.000%	1.600%
2006	65,000	2.000	1.900
2007	65,000	2.250	2.000
2008	70,000	2.500	2.250
2009	70,000	2.750	2.600
2010	70,000	3.000	2.950
2011	75,000	3.250	3.150
2012	75,000	3.500	3.350
2013	80,000	3.750	3.500
2014	80,000	3.750	3.600
2015	85,000	3.750	3.750

$370,000 4.000% Series 2004B Term Bond due September 1, 2019, Price 98.019%
$820,000 4.625% Series 2004B Term Bond due September 1, 2026, Price 100.000%

SUPPLEMENT TO OFFICIAL STATEMENT

DATED OCTOBER 15, 2004

RELATING TO

RICHMOND JOINT POWERS FINANCING AUTHORITY
$15,000,000
TAX ALLOCATION REVENUE BONDS
SERIES 2004A (TAXABLE)

$2,000,000
HOUSING SET-ASIDE
TAX ALLOCATION REVENUE BONDS
SERIES 2004B (TAX-EXEMPT)

The above-captioned Official Statement is hereby supplemented replacing the first sentence of the second paragraph under the caption "THE BONDS" appearing on page 5 with the following sentence:

"Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing March 1, 2005 (each an "Interest Payment Date")."

Date of Supplement: November 10, 2004

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

Phil Batchelor, Chief Executive Officer, *City Manager*
Jay Corey, *Assistant City Manager*
Pat Samsell, *Finance Director*
Steve Duran, Secretary and Executive Director, *Community & Economic Development Director*

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 Agreements 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
- Legal Authority 1
- Financing Purpose 1
- Tax Allocation Financing 2
- Security for the Bonds 2
- Fiscal Consultant Report 3
- Other Information 3

PURPOSE OF THE BONDS 4
ESTIMATED SOURCES AND USES OF FUNDS 5
THE BONDS 5
- Description of the Bonds 5
- Redemption 6
- General Redemption Provisions 8
- Notice of Redemption; Effect of Redemption; Rescission 8

ANNUAL DEBT SERVICE REQUIREMENTS 10
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 11
- Tax Allocation Financing 11
- Allocation of Taxes 11
- Pledge and Allocation of Tax Revenues 12
- Issuance of Parity Debt 13
- Senior Obligations to the Loan Agreements 14
- Additional Senior Obligations 16
- Deposit of Tax Revenues to Special Fund 16
- Deposit of Tax Revenues to Housing Fund 17
- The Trust Agreement 18

DESCRIPTION OF THE INSURER 19
- General 19
- Reinsurance 19
- Financial Strength and Financial Enhancement Ratings of XLCA 20
- Capitalization of the Insurer 20
- Regulation of the Insurer 21

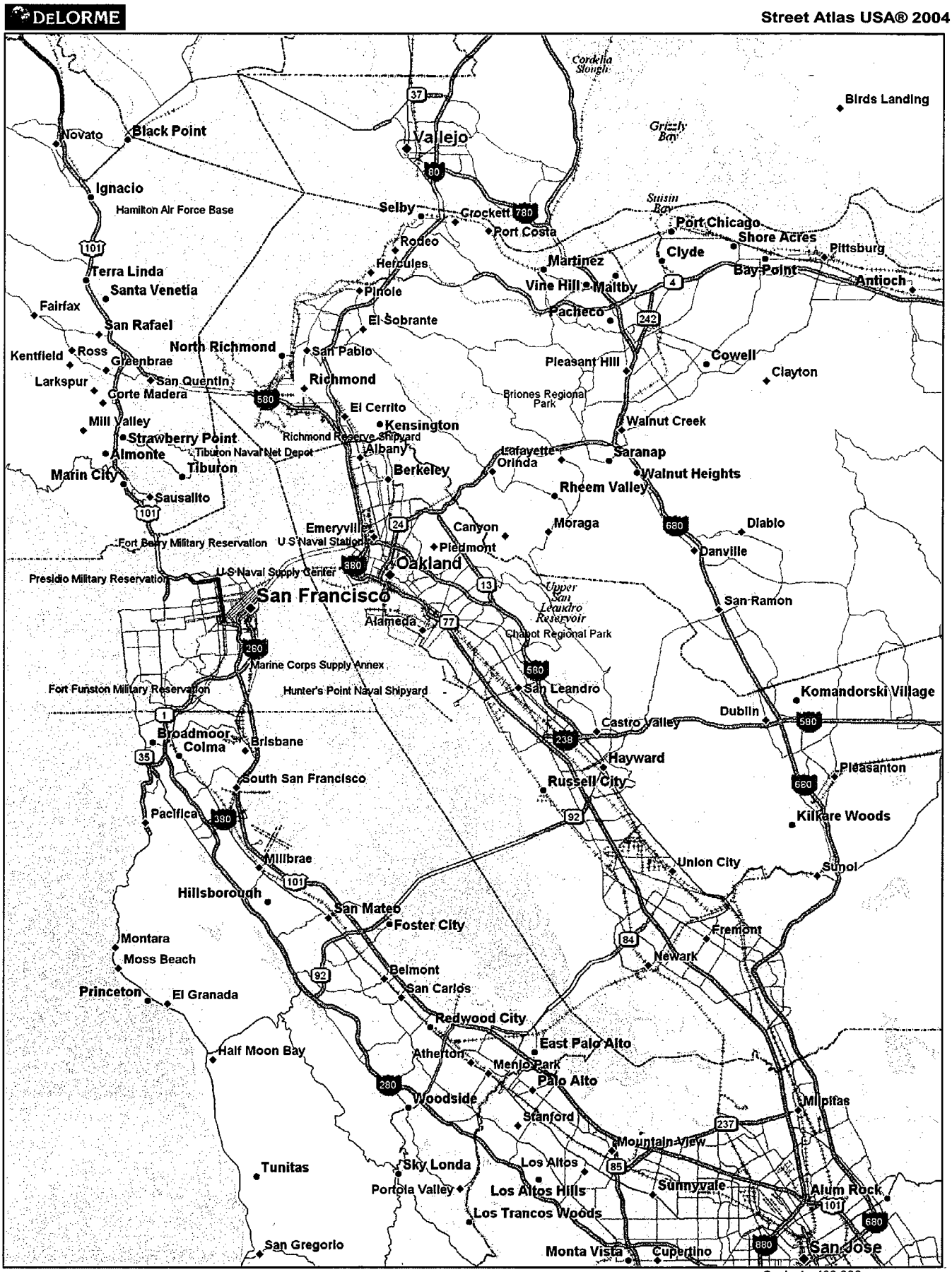
THE AUTHORITY 21

THE AGENCY 21
Financial Statements 22
Governance and Administration 22
Recent Developments 23
THE MERGED PROJECT AREA 24
Redevelopment Plans 24
Merger and Amendment of the Project Areas 24
Redevelopment Plan Limitations and Land Usage 25
The Constituent Project Areas 27
Taxable Values and Tax Increment Revenues 32
Statement of Direct and Overlapping Debt 36
PROJECTED DEBT SERVICE COVERAGE 38
BOND OWNERS' RISKS 43
Concentration of Tax Base 43
Estimates of Tax Increment Revenues 43
Tax Collection Agreement 43
Appeals and Other Reductions to Assessed Values 43
Bankruptcy and Foreclosure 46
Investment Risk 46
Development Risks 46
Earthquake Risks 47
Brownfields 47
Levy and Collection of Taxes 47
Reductions in Inflationary Rate 47
State Budget 48
Parity Debt 49
Changes in the Law 49
Hazardous Substances 50
LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS 50
Article XIIIA of the California Constitution 50
Article XIIIB of the California Constitution 51
Articles XIIIC and XIIID of the California Constitution 52
Proposition 87 53
Further Initiatives 53
Property Tax Collection Procedures 53

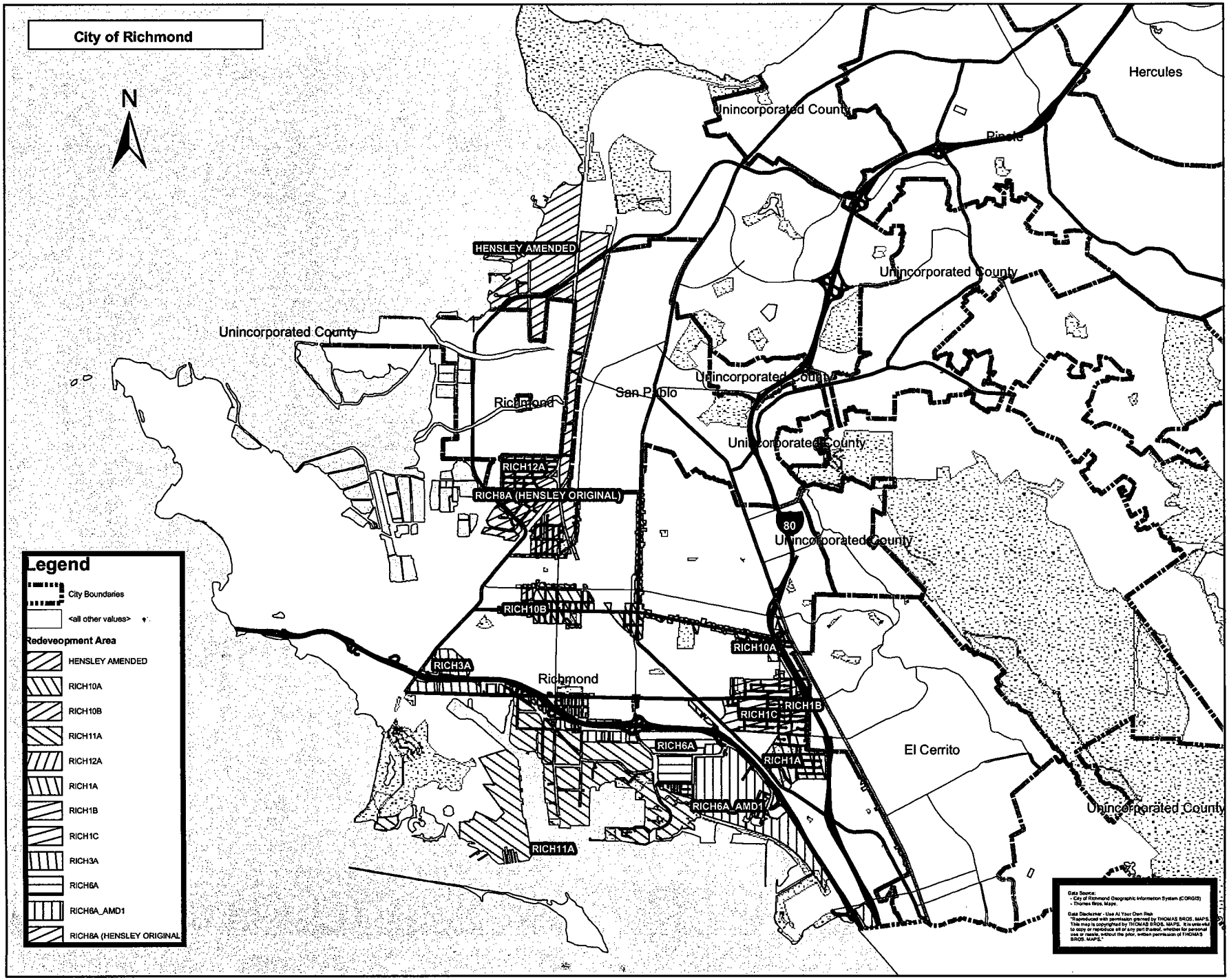
Unitary Property 55
Low and Moderate Income Housing Fund 56
Certain Required Payments of Tax Revenues to Taxing Entities (AB 1290) 57
SB 211 58
TAX MATTERS 59
NO LITIGATION 60
UNDERWRITING 60
CONTINUING DISCLOSURE 61
APPROVAL OF LEGALITY 61
RATINGS 62
MISCELLANEOUS 62
APPENDIX A ECONOMIC AND DEMOGRAPHIC 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 BASIC FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2003 ..... H-1

(THIS PAGE INTENTIONALLY LEFT BLANK)

LOCATION MAP



MERGED PROJECT AREA MAP



OFFICIAL STATEMENT
RICHMOND JOINT POWERS FINANCING AUTHORITY

$15,000,000
Tax Allocation
Revenue Bonds Series 2004A
(Taxable)

$2,000,000
Housing Set-Aside Tax Allocation
Revenue Bonds Series 2004B
(Tax-Exempt)

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 $15,000,000 aggregate principal amount of its Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and $2,000,000 aggregate principal amount of its Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and, together with the Series 2004A Bonds, the "Bonds").

Legal Authority

Redevelopment Law and the Act. The Agency is a redevelopment agency organized and existing under the Community Redevelopment Law, being Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"). 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").

Resolution and Trust Agreement. The Bonds are being issued in accordance with the Act, pursuant to resolutions of the Authority adopted on July 20, 2004 and September 28, 2004 (collectively, the "Resolution") and a Trust Agreement, dated as of October 1, 2004, by and between the Authority and Union Bank of California, N.A., San Francisco, California, as trustee (the "Trustee"). See "THE BONDS" hereinafter.

Financing Purpose

The proceeds of the Series 2004A Bonds will be used to (i) pay the amount of $6,367,031 to the City in full and final payment of the Prior City Obligations (as defined herein), (ii) finance certain working capital requirements of the Agency; (iii) finance certain low and moderate income housing activities of the Agency, (iv) fund the reserve account for the Series 2004A Bonds, and (v) pay certain

costs related to the issuance of the Series 2004A Bonds. The proceeds of the Series 2004B Bonds will be used to (i) finance certain low and moderate income housing activities of the Agency, (ii) fund the reserve account for the Series 2004B Bonds, and (iii) pay certain costs related to the issuance of the Series 2004B Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" hereinafter.

Tax Allocation Financing

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 (commonly known as "tax increment revenues") 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. Under Section 33334.2 and Section 33334.6 of the Redevelopment Law, redevelopment agencies are generally required, unless certain annual findings are made, to set aside 20% of all tax increment revenues allocated 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Security for the Bonds

The Loan Agreements. The Authority will loan the proceeds of the Series 2004A Bonds to the Agency pursuant to two loan agreements: the Loan Agreement (Non-Housing) by and between the Authority and the Agency, dated as of October 1, 2004 (the "Non-Housing Loan Agreement") and the Loan Agreement (Housing) by and between the Authority and the Agency, dated as of October 1, 2004 (the "Housing Loan Agreement" and, together with the Non-Housing Loan Agreement, the "Loan Agreements"). The Series 2004A Bonds will be repayable from payments made under the Non-Housing Loan Agreement in proportion to the portion of the Series 2004A Bonds used for non-housing purposes and from payments made under the Housing Loan Agreement in proportion to the portion of the Series 2004A Bonds used for housing purposes. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Deposit of Tax Revenues to Special Fund" herein.

The Authority will loan the proceeds of the Series 2004B Bonds to the Agency pursuant to the Housing Loan Agreement.

The loans made by the Authority to the Agency as evidenced by the Non-Housing Loan Agreement and the Housing Loan Agreement are referred to herein as the "Non-Housing Loan" and the "Housing Loan," respectively, and collectively as the "Loans."

The Agency will enter into the Loan Agreements pursuant to the Redevelopment Law. The Agency's obligations under the Non-Housing Loan Agreement will be secured by a pledge of certain tax increment revenues (the "Pledged Tax Revenues") generated from the Merged Project Area (as defined herein). The Agency's obligations under the Housing Loan Agreement will be secured by a pledge of certain tax increment revenues (the "Pledged Housing Set Aside Tax Revenues") generated from the Merged Project Area. See "THE MERGED PROJECT AREA – Merger and Amendment of the Project Areas" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge and Allocation of Tax Revenues – Loan Agreements."

The lien of the Non-Housing Loan Agreement on the Pledged Tax Revenues is subordinate to certain prior liens. Certain tax increment revenues derived from the Harbour Project Area, located within the Merged Project Area, are subject to a lien prior and senior to the lien of the Non-Housing Loan Agreement. Additionally, tax increment revenues derived from the Merged Project Area are pledged to the repayment of the Agency's obligations under the 2003 Loan Agreement and the Pre-2004 Loan Agreement (collectively, the "Senior Merged Area Obligations") on a basis senior to the Agency's obligations under the Non-Housing Loan Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations to the Loan Agreements."

The lien of the Housing Loan Agreement on amounts in the Housing Fund is subordinate to certain prior liens. The Housing Loan Payments are payable from certain tax increment revenues derived from the Merged Project Area on a basis subordinate to the lien of the Pre-2004 Loan Agreement, but only with respect to the payments thereunder required to be paid from amounts allocable to the Agency's Housing Fund in respect of the Authority's Housing Set-Aside Tax Allocation Revenue Bonds, Series 2000B (Taxable) (the "Senior Merged Area Housing Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Senior Obligations to the Loan Agreements."

Bond Insurance. The scheduled payment of principal and interest on each series of Bonds when due will be insured by a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") to be issued simultaneously with delivery of the Bonds by XL Capital Assurance Inc. (the "Insurer"). See "DESCRIPTION OF THE INSURER" and "APPENDIX F – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY" herein.

Reserve Accounts. Under the Trust Agreement, the Authority is required to maintain separate Reserve Accounts for the Series 2004A Bonds and the Series 2004B Bonds, each in the amount of the respective Reserve Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Trust Agreement – Reserve Accounts."

Limited Obligations. 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 from the Agency under the Loan Agreements as further described herein under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge and Allocation of Tax Revenues."

Fiscal Consultant Report

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 Merged Project Area and pledged 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 MERGED PROJECT AREA – Merger and Amendment of the Project Areas."

Other Information

There follows in this Official Statement descriptions of the Bonds, the Loan Agreements, the Trust Agreement, the Authority, the Merged 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 Agreements. Copies of the Trust Agreement and the Loan Agreements 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 working capital requirements of the Agency, Agency projects and certain low- and moderate-income housing activities of the Agency. See "THE MERGED PROJECT AREA."

The Agency will use a portion of the proceeds of the Series 2004A Bonds to repay loans from the City that were incurred to finance redevelopment activities. The Agency is currently obligated to repay the amount of $6,367,031 of indebtedness the Agency has incurred to the City in connection with the redevelopment of the Merged Project Area from time to time in the form of certain loans, promissory notes and reimbursement agreements (the "Prior City Obligations"), which amount is in full and final payment of the Prior City Obligations. In 2003, the Agency used a portion of the Authority's Tax Allocation Revenue Bonds Series 2003A (Tax-Exempt) (the "2003A Bonds") and its Tax Allocation Revenue Bonds Series 2003B (Taxable) (the "2003B Bonds" and, together with the 2003A Bonds, the "2003 Bonds") to repay approximately $18,000,000 of the Prior City Obligations, leaving the current balance of $6,367,031 outstanding. At that time, the Agency and the City planned for the remaining balance to be repaid in two $3,000,000 installments (plus interest), one in fiscal year 2004-05 and the other in fiscal year 2005-06. Due to the City's difficult financial condition, the Agency has agreed to repay the entire balance out of the proceeds of the Series 2004A Bonds. The City plans to use the amounts so repaid for normal operating expenses of the City during the 2004-05 fiscal year.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:	Series 2004A Bonds Non-Housing Share	Series 2004A Bonds Housing Share	Series 2004B Bonds
Bond Proceeds	$10,000,000.00	$5,000,000.00	$2,000,000.00
Less Original Issue Discount	(902.85)	(665.90)	(1,507.70)
Less Underwriter's Discount[1]	(125,000.00)	(62,500.00)	(25,000.00)
Total Sources	$ 9,874,097.15	$4,936,834.10	$1,973,492.30
Uses:			
Costs of Issuance[2]	$ 217,815.10	106,468.59	$ 39,364.24
Deposit to Project Account	2,289,432.02	4,330,455.99	1,734,164.25
Deposit to Reserve Account	999,819.03	499,909.52	199,963.81
Repayment of the Prior City Obligations	6,367,031.00	-	-
Total Uses	$ 9,874,097.15	$ 4,936,834.10	$ 1,973,492.30

(1) Includes placement fee with respect to the Placed Bonds (as defined below) of $87,250.00.

(2) Includes legal, financing and consultant fees, fees of the Trustee, rating agencies fees, the premium for the Financial Guaranty Insurance Policy, 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 September 1, 2005 (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 2004B Bonds. The Series 2004B Bonds maturing on or after September 1, 2015, 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 Series 2004B Loan Payments made at the option of the Agency pursuant to the terms of the Housing Loan Agreement or from any other source of available moneys. Such optional redemptions may be made on or after September 1, 2014, on any date with respect to which such Housing Loan prepayments or other moneys shall have been made available subject to prior notice as provided in the Trust Agreement, at a redemption price equal to the principal amount of the Series 2004B Bonds called for redemption, plus accrued but unpaid interest to the date fixed for redemption, without premium.

The Series 2004A Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption – Series 2004A Bonds. The Series 2004A Bonds maturing on September 1, 2020 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, 2016, 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 2004A Bonds Due
September 1, 2020

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2016	$ 220,000
2017	230,000
2018	240,000
2019	3,005,000
2020*	580,000

* Maturity

The Series 2004A Bonds maturing on September 1, 2026 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, 2021, 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 2004A Bonds Due
September 1, 2026

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2021	$ 615,000
2022	740,000
2023	690,000
2024	710,000
2025	750,000
2026*	5,220,000

* Maturity

Mandatory Sinking Fund Redemption – Series 2004B Bonds. The Series 2004B Bonds maturing on September 1, 2019 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, 2016, 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 2004B Bonds Due
September 1, 2019

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2016	$ 85,000
2017	90,000
2018	95,000
2019*	100,000

* Maturity

The Series 2004B Bonds maturing on September 1, 2026 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, 2020, 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 2004B Bonds Due
September 1, 2026

Sinking Fund Payment Date (September 1)	Mandatory Sinking Account Payments
2020	$100,000
2021	105,000
2022	110,000
2023	115,000
2024	125,000
2025	130,000
2026*	135,000

* 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 Principal Account of the applicable Series 2004 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 Interest Account of the applicable Series 2004 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, the debt service requirements for the Series 2004A Bonds and the Series 2004B Bonds and the total payments due on all of the Bonds.

	Series 2004A Bonds			Series 2004B Bonds			Grand Total
Year Ending September 1	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total	
2005	$ 260,000.00	$648,908.17	$ 908,908.17	$ 75,000.00	$64,818.85	$139,818.85	$1,048,727.02
2006	150,000.00	764,610.00	914,610.00	65,000.00	75,512.50	140,512.50	1,055,122.50
2007	150,000.00	760,185.00	910,185.00	65,000.00	74,212.50	139,212.50	1,049,397.50
2008	155,000.00	755,310.00	910,310.00	70,000.00	72,750.00	142,750.00	1,053,060.00
2009	160,000.00	749,807.50	909,807.50	70,000.00	71,000.00	141,000.00	1,050,807.50
2010	165,000.00	743,647.50	908,647.50	70,000.00	69,075.00	139,075.00	1,047,722.50
2011	175,000.00	736,882.50	911,882.50	75,000.00	66,975.00	141,975.00	1,053,857.50
2012	185,000.00	729,270.00	914,270.00	75,000.00	64,537.50	139,537.50	1,053,807.50
2013	190,000.00	720,852.50	910,852.50	80,000.00	61,912.50	141,912.50	1,052,765.00
2014	200,000.00	711,922.50	911,922.50	80,000.00	58,912.50	138,912.50	1,050,835.00
2015	210,000.00	702,422.50	912,422.50	85,000.00	55,912.50	140,912.50	1,053,335.00
2016	220,000.00	692,237.50	912,237.50	85,000.00	52,725.00	137,725.00	1,049,962.50
2017	230,000.00	681,039.50	911,039.50	90,000.00	49,325.00	139,325.00	1,050,364.50
2018	240,000.00	669,332.50	909,332.50	95,000.00	45,725.00	140,725.00	1,050,057.50
2019	3,005,000.00	657,116.50	3,662,116.50	100,000.00	41,925.00	141,925.00	3,804,041.50
2020	580,000.00	504,162.00	1,084,162.00	100,000.00	37,925.00	137,925.00	1,222,087.00
2021	615,000.00	474,640.00	1,089,640.00	105,000.00	33,300.00	138,300.00	1,227,940.00
2022	740,000.00	441,184.00	1,181,184.00	110,000.00	28,443.76	138,443.76	1,319,627.76
2023	690,000.00	400,928.00	1,090,928.00	115,000.00	23,356.26	138,356.26	1,229,284.26
2024	710,000.00	363,392.00	1,073,392.00	125,000.00	18,037.50	143,037.50	1,216,429.50
2025	750,000.00	324,768.00	1,074,768.00	130,000.00	12,256.26	142,256.26	1,217,024.26
2026	5,220,000.00	283,968.00	5,503,968.00	135,000.00	6,243.76	141,243.76	5,645,211.76

For additional information regarding estimated tax increment revenues and projected debt service coverage on the Bonds, see "THE MERGED 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 MERGED PROJECT AREA – Merger and Amendment of the Project Areas" 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

Non-Housing Loan Agreement. The Non-Housing Loan and all Parity Debt will be equally and ratably secured by a pledge of, and lien on, all of the Pledged Tax Revenues and all amounts in the Special Fund for the Merged Project Area which lien is subordinate only to the Agency's obligations under the Senior Harbour Indenture and the Senior Merged Area Obligations. 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 Non-Housing Loan Agreement which, pursuant to the Trust Agreement, is assigned to the Trustee for the benefit of the bondowners.

More specifically, under the Non-Housing 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 Merged 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;

(d) the Senior Harbour Debt Service; and

(e) the Senior Merged Area Debt Service.

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 Non-Housing Loan Agreement, the Agency may issue or incur Parity Debt with respect to the Merged Project Area. See "Issuance of Parity Debt" below for a discussion of the issuance of Parity Debt by the Agency.

Housing Loan Agreement. The Housing Loan and all Parity Debt will be equally and ratably secured by a pledge of, and lien on, all of the Pledged Housing Set Aside Tax Revenues and all amounts in the Housing Fund for the Merged Project Area (except amounts required to pay the Senior Merged Area Housing Obligations) which lien is subordinate only to the Agency's obligations under the Senior Merged Area Housing Obligations. The Housing Fund is established and maintained by the Agency pursuant to the Redevelopment Law. The Agency will deposit all Pledged Housing Set Aside Tax Revenues into the Housing Fund. The Authority holds a security interest in the Housing Fund pursuant to the terms of the Housing Loan Agreement which, pursuant to the Trust Agreement, is assigned to the Trustee for the benefit of the bondowners.

More specifically, under the Housing Loan Agreement, "Pledged Housing Set Aside Tax Revenues" are defined to mean: an amount of not less than 20% of all taxes annually eligible for allocation to the Agency pursuant to the Redevelopment Law with respect to the Merged 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, received pursuant to Section 16111 of the California Government Code;

(b) the Senior Merged Area Housing Debt Service.

Under the terms of the Housing Loan Agreement, the Agency may issue or incur Parity Debt with respect to the Merged Project Area. See "Issuance of Parity Debt" below for a discussion of the issuance of Parity Debt by the Agency.

Issuance of Parity Debt

Non-Housing Loan Agreement. Under the Non-Housing 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 of the Non-Housing Loan Agreement, subject to certain conditions precedent, including, without limitation, a determination by the Agency that: (i) the Available Tax Revenues (as defined in the Non-Housing Loan Agreement) to be received by the Agency in the then current fiscal year and in each future Fiscal Year, based upon the most recent qualified assessment roll of the County, but taking into account the reductions in Available Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to the constituent project areas, are at least equal to one hundred forty percent 140% of Combined Annual Debt Service (as defined in the Non-Housing Loan Agreement) and (ii) no Event of Default under the Non-Housing 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 Merged Project Area shall have occurred and be continuing. See APPENDIX B – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LOAN AGREEMENT – Parity Debt."

Housing Loan Agreement. Under the Housing Loan Agreement, the Agency may at any time issue or incur Parity Debt payable from Pledged Housing Set Aside Tax Revenues and secured by a lien and charge on the Pledged Housing Set Aside Tax Revenues on a parity with the lien and charge on the Housing Loan Agreement, subject to certain conditions precedent, including, without limitation, a determination by the Agency that: (i) the Available Housing Set Aside Tax Revenues (as defined in the Housing Loan Agreement) to be received by the Agency in the then current fiscal year and in each future Fiscal Year, based upon the most recent qualified assessment roll of the County, but taking into account the reductions in Available Housing Set Aside Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to the constituent project areas, are at least equal to one hundred forty percent 140% of Combined Annual Debt Service (as defined in the Housing Loan Agreement) and (ii) no Event of Default under the Housing 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 Merged 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 Agreements

Non-Housing 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 Harbour Project Area. Although 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, the Agency has covenanted not to issue any such parity obligations so long as any portion of the Non-Housing Loan remains unpaid or any portion of the Series 2004A Bonds remains Outstanding, 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 the lien on that portion of the Pledged Tax Revenues derived from the Harbour Project Area and pledged to the repayment of the Series 2004A Non-Housing Loan Payments. For the fiscal year 2004-05, tax increment revenues from the Harbour Project Area are projected to represent 49% of the Available Tax Revenues. See "PROJECTED DEBT SERVICE COVERAGE" herein.

Under that certain Trust Agreement, dated as of November 1, 2000, by and between the Authority and Union Bank of California, N.A., San Francisco, California, as trustee (the "2000 Trust Agreement"),

the Authority issued its Housing Set-Aside Tax Allocation Revenue Bonds Series 2000A (Tax-Exempt) (the "2000A Bonds"), secured by a lien on tax increment revenues generated from taxable property within certain project areas within the Merged Project Area, defined in the Pre-2004 Loan Agreement (the "Pre-2004 Limit Area").

Under that certain 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 "2003 Trust Agreement"), the Authority issued the 2003 Bonds, secured by a lien on tax increment revenues generated from taxable property within certain project areas within the Merged Project Area, defined in the 2003 Loan Agreement and referred to herein as the "Post-2004 Limit Area."

The Pre-2004 Loan Agreement and the 2003 Loan Agreement (the "Senior Merged Area Obligations") are secured by liens which are senior in all respects to the lien on the Pledged Tax Revenues pledged to the Series 2004A Bonds.

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 October 1, 2004, the 1991 Bonds had a remaining principal balance of $260,000. 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 October 1, 2004, the 1998 Bonds had a remaining principal balance of $21,277,799. 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.

2000A Bonds. In November 2000, the Authority issued the 2000A Bonds. On October 1, 2004, the 2000A Bonds had a remaining principal balance of $23,455,000. The 2000A Bonds mature on September 1, 2029. The 2000A Bonds are special, limited obligations of the Authority and, except to the extent payable out of moneys attributable to the 2000A Bonds proceeds, are payable solely from a pledge on the tax revenues generated by the Pre-2004 Limit Areas. The 2000A Bonds are secured on a basis senior to the 2004A Bonds.

2003 Bonds. In August 2003, the Authority issued the 2003 Bonds. On October 1, 2004, the 2003A Bonds had a remaining principal balance of $16,080,000. On October 1, 2004, the 2003B Bonds had a remaining principal balance of $12,500,000. The 2003 Bonds mature on September 1, 2025. The 2003 Bonds are special, limited obligations of the Authority and, except to the extent payable out of moneys attributable to the 2003 Bonds proceeds, are payable solely from a pledge on the tax revenues generated by the Post-2004 Limit Areas. The 2003 Bonds are secured on a basis senior to the Series 2004A Bonds.

Housing Loan Agreement. Under the 2000 Trust Agreement, the Authority issued its Housing Set-Aside Tax Allocation Revenue Bonds Series 2000B (Taxable) (the "2000B Bonds"), secured by a lien on tax increment revenues generated from taxable property within the Pre-2004 Limit Area pledged under the Pre-2004 Loan Agreement to the repayment of the 2000B Bonds.

The Pre-2004 Loan Agreement, but only with respect to the payments thereunder required to be paid from amounts allocable to the Housing Fund in respect of the 2000B Bonds (the "Senior Merged Area Housing Obligations"), is secured by a lien which is senior in all respects to the lien on the Pledged Housing Set Aside Tax Revenues pledged to the Series 2004B Bonds.

2000B Bonds. In November 2000, the Authority issued the 2000B Bonds. On October 1, 2004, the 2000B Bonds had a remaining principal balance of $4,985,000. The 2000B Bonds mature on September 1, 2029. The 2000B Bonds are special, limited obligations of the Agency and, except to the extent payable out of moneys attributable to the 2000B Bonds proceeds, are payable solely from a pledge on the tax revenues generated by the Pre-2004 Limit Areas. The 2000B Bonds are secured on a basis senior to the 2004A Bonds.

Additional Senior Obligations

Non-Housing Loan Agreement. So long as any portion of the Non-Housing Loan remains unpaid or any portion of the Series 2004A Bonds remains Outstanding, the Agency has covenanted that it will not issue any debt or other obligation payable on parity with the Senior Harbour Indenture or the Senior Merged Area Obligations.

Housing Loan Agreement. So long as any portion of the Housing Loan remains unpaid or any portion of the Series 2004B Bonds remains Outstanding, the Agency has covenanted that it will not issue any debt or other obligation payable on parity with the Senior Merged Area Housing Obligations.

Deposit of Tax Revenues to Special Fund

The Agency has covenanted under the Non-Housing 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 Non-Housing Loan 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 Non-Housing Loan Agreement. All money on deposit in the Special Fund must be used to pay Debt Service on the Series 2004A Bonds. After making all the set-asides and payments required to be made under the Non-Housing 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 has covenanted to maintain the Special Fund so long as the Non-Housing 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 product of (i) the Non-Housing Share, times (ii) the principal of (including mandatory redemption payments) and interest on the Series 2004A Bonds due on such Interest Payment Date (the "Series 2004A Non-Housing Loan Payments"). The Series 2004A Non-Housing Loan Payments will be payable from all Pledged Tax Revenues. In the event that the Pledged Tax Revenues are insufficient to pay all Series 2004A Non-Housing Loan Payments and Parity Debt Service, the Agency will pay a portion of the Series 2004A Non-Housing Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004A Non-Housing Loan Payments and Parity Debt Service.

"Non-Housing Share" means a fraction, the numerator of which is sum of (i) the amount of proceeds of the Series 2004A Bonds deposited into the Series 2004A Non-Housing Project Account plus

(ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations and the denominator of which is the sum of (i) the amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account and the Series 2004A Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations, all as provided in the Trust Agreement. The Non-Housing Share, expressed as a percentage, is 66%.

Deposit of Tax Revenues to Housing Fund

The Agency has covenanted under the Housing Loan Agreement that all Pledged Housing Set Aside 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 Housing Fund an amount of Pledged Housing Set Aside Tax Revenues equal to the Housing Loan Debt Service payable on March 1 of such fiscal year and September 1 of the next succeeding fiscal year. The Pledged Housing Set Aside 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 Housing Fund (except amounts required to pay the Senior Merged Area Housing Debt) is pledged and a security interest granted therein and all money on deposit in the Housing Fund (except amounts required to pay the Senior Merged Area Housing Debt) must be applied and used only as provided under the Housing Loan Agreement. After making all the set-asides and payments required to be made under the Housing Loan Agreement in each fiscal year, the Agency may expend in such fiscal year any remaining money in the Housing Fund for any lawful purpose of the Agency. The Agency has covenanted to maintain the Housing Fund so long as the Housing Loan remains unpaid.

At least 15 days prior to each Interest Payment Date, the Agency will transfer to the Trustee from the Housing Fund an amount equal to the product of (i) the Housing Share times (ii) an amount equal to the principal of (including mandatory redemption payments) and interest on the Series 2004A Bonds due on such Interest Payment Date (the "Series 2004A Housing Loan Payments"). The Series 2004A Housing Loan Payments will be payable from all Pledged Housing Set Aside Tax Revenues. In the event that the Pledged Housing Set Aside Tax Revenues are insufficient to pay all Series 2004A Housing Loan Payments and Parity Debt Service, the Agency will pay a portion of the Series 2004A Housing Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004A Housing Loan Payments and Parity Debt Service.

"Housing Share" means a fraction, the numerator of which is the amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Housing Project Account and the denominator of which is the sum of (i) amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account and the Series 2004A Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations, all as provided in the Trust Agreement. The Housing Share, expressed as a percentage, is 34%.

At least 15 days prior to each Interest Payment Date, the Agency will transfer to the Trustee from the Housing Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Series 2004B Bonds due on such Interest Payment Date (the "Series 2004B Housing Loan Payments"). The Series 2004B Housing Loan Payments will be payable from all Pledged Housing Set Aside Tax Revenues. In the event that the Pledged Housing Set Aside Tax Revenues are insufficient to pay all Series 2004B Housing Loan Payments and Parity Debt Service, the Agency will pay a portion of the Series 2004B Housing Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004B Housing 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 Agreements 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 Agreements 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 Agreements.

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 Agreements. The Non-Housing Loan is secured, and therefore the Series 2004A Bonds are secured, by a pledge of the Pledged Tax Revenues and the Pledged Housing Set Aside Tax Revenues. The Housing Loan is secured, and therefore the Series 2004B Bonds are secured, by a pledge of the Pledged Housing Set Aside 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 respective Loans in full. All money in the Reserve Accounts will be used and withdrawn by the Trustee solely to pay principal of and interest on the Bonds in the event of any deficiency at any time in the Interest Account or Principal Account of the applicable Revenue Fund established under the Trust Agreement. In the event of a partial redemption of any 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 Bonds of such Series after such redemption. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Pledge of Revenues."

Under the Trust Agreement, the Authority may satisfy each 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 each Reserve Account. Any such surety bond or insurance policy shall be issued 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") the claims-paying ability of which is rated in the highest rating categories issued by each of Moody's Investors Service ("Moody's") and Standard & Poor's Corporation, a division of the McGraw Hill Companies, Inc. ("Standard & Poor's" and, together with Moody's, the "Rating Agencies" and each a "Rating Agency") and any letter of credit shall 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 of each Rating Agency 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. See "APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT – Pledge of Revenues – Reserve Surety Policies and Letters of Credit" herein.

DESCRIPTION OF THE INSURER

The following information has been supplied by the Insurer for inclusion in this Official Statement. No representation is made by the Authority or the Agency as to the accuracy or completeness of the information.

The Insurer accepts no responsibility for the accuracy or completeness of this Official Statement or any other information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer and its affiliates set forth under this heading. In addition, the Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds.

General

XL Capital Assurance Inc. (the "Insurer" or "XLCA") is a monoline financial guaranty insurance company incorporated under the laws of the State of New York. The Insurer is currently licensed to do insurance business in, and is subject to the insurance regulation and supervision by, the State of New York, forty-eight other states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Singapore. The Insurer has a license application pending with the State of Wyoming, the only state in which it is not currently licensed.

The Insurer is an indirect wholly owned subsidiary of XL Capital Ltd, a Cayman Islands corporation ("XL Capital Ltd"). Through its subsidiaries, XL Capital Ltd is a leading provider of insurance and reinsurance coverages and financial products to industrial, commercial and professional service firms, insurance companies and other enterprises on a worldwide basis. The common stock of XL Capital Ltd is publicly traded in the United States and listed on the New York Stock Exchange (NYSE: XL). **XL Capital Ltd is not obligated to pay the debts of or claims against the Insurer.**

The Insurer was formerly known as The London Assurance of America Inc. ("London"), which was incorporated on July 25, 1991 under the laws of the State of New York. On February 22, 2001, XL Reinsurance America Inc. ("XL Re") acquired 100% of the stock of London. XL Re merged its former financial guaranty subsidiary, known as XL Capital Assurance Inc. (formed September 13, 1999) with and into London, with London as the surviving entity. London immediately changed its name to XL Capital Assurance Inc. All previous business of London was 100% reinsured to Royal Indemnity Company, the previous owner at the time of acquisition.

Reinsurance

The Insurer has entered into a facultative quota share reinsurance agreement with XL Financial Assurance Ltd ("XLFA"), an insurance company organized under the laws of Bermuda, and an affiliate of the Insurer. Pursuant to this reinsurance agreement, the Insurer expects to cede up to 90% of its business to XLFA. The Insurer may also cede reinsurance to third parties on a transaction-specific basis, which cessions may be any or a combination of quota share, first loss or excess of loss. Such reinsurance is used by the Insurer as a risk management device and to comply with statutory and rating agency requirements and does not alter or limit the Insurer's obligations under any financial guaranty insurance policy. With respect to any transaction insured by XLCA, the percentage of risk ceded to XLFA may be less than 90% depending on certain factors including, without limitation, whether XLCA has obtained third party reinsurance covering the risk. As a result, there can be no assurance as to the percentage reinsured by XLFA of any given financial guaranty insurance policy issued by XLCA, including the Financial Guaranty Insurance Policy.

Based on the audited financials of XLFA, as of December 31, 2003, XLFA had total assets, liabilities, redeemable preferred shares and shareholders' equity of $831,762,000, $401,123,000, $39,000,000 and $391,639,000, respectively, determined in accordance with generally accepted accounting principles in the United States. XLFA's insurance financial strength is rated "Aaa" by Moody's and "AAA" by S&P and Fitch Inc. In addition, XLFA has obtained a financial enhancement rating of "AAA" from S&P.

The obligations of XLFA to the Insurer under the reinsurance agreement described above are unconditionally guaranteed by XL Insurance (Bermuda) Ltd ("XLI"), a Bermuda company and one of the world's leading excess commercial insurers. XLI is a wholly owned indirect subsidiary of XL Capital Ltd. In addition to A.M. Best's rating of "A+" (Negative Outlook), XLI's insurance financial strength rating is "Aa2" by Moody's, "AA-" by Standard & Poor's and "AA" by Fitch. The ratings of XLFA and XLI are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch.

Notwithstanding the capital support provided to the Insurer described in this section, the Bondholders will have direct recourse against the Insurer only, and neither XLFA nor XLI will be directly liable to the Bondholders.

Financial Strength and Financial Enhancement Ratings of XLCA

The Insurer's insurance financial strength is rated "Aaa" by Moody's and "AAA" by Standard & Poor's and Fitch, Inc. ("Fitch"). In addition, XLCA has obtained a financial enhancement rating of "AAA" from Standard & Poor's. These ratings reflect Moody's, Standard & Poor's and Fitch's current assessment of the Insurer's creditworthiness and claims-paying ability as well as the reinsurance arrangement with XLFA described under "Reinsurance" above.

The above ratings are not recommendations to buy, sell or hold securities, including the Bonds and are subject to revision or withdrawal at any time by Moody's, Standard & Poor's or Fitch. Any downward revision or withdrawal of these 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.

Capitalization of the Insurer

Based on the audited statutory financial statements for XLCA as of December 31, 2002 filed with the State of New York Insurance Department, XLCA has total admitted assets of $180,993,189, total liabilities of $58,685,217 and total capital and surplus of $122,307,972 determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities ("SAP"). Based on the audited statutory financial statements for XLCA as of December 31, 2003 filed with the State of New York Insurance Department, XLCA has total admitted assets of $329,701,823, total liabilities of $121,635,535 and total capital and surplus of $208,066,288 determined in accordance with SAP.

For further information concerning XLCA and XLFA, see the financial statements of XLCA and XLFA, and the notes thereto, incorporated by reference in this Official Statement. The financial statements of XLCA and XLFA are included as exhibits to the periodic reports filed with the Securities and Exchange Commission (the "Commission") by XL Capital Ltd and may be reviewed at the EDGAR website maintained by the Commission. All financial statements of XLCA and XLFA included in, or as exhibits to, documents filed by XL Capital Ltd pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or prior to the date of this Official Statement, or after the date of this Official Statement but prior to termination of the offering of the Bonds, shall be deemed incorporated by

reference in this Official Statement. Except for the financial statements of XLCA and XLFA, no other information contained in XL Capital Ltd's reports filed with the Commission is incorporated by reference. Copies of the statutory quarterly and annual statements filed with the State of New York Insurance Department by XLCA are available upon request to the State of New York Insurance Department.

Regulation of the Insurer

The Insurer is regulated by the Superintendent of Insurance of the State of New York. In addition, the Insurer is subject to regulation by the insurance laws and regulations of the other jurisdictions in which it is licensed. As a financial guaranty insurance company licensed in the State of New York, the Insurer is subject to Article 69 of the New York Insurance Law, which, among other things, limits the business of each insurer to financial guaranty insurance and related lines, prescribes minimum standards of solvency, including minimum capital requirements, establishes contingency, loss and unearned premium reserve requirements, requires the maintenance of minimum surplus to policyholders and limits the aggregate amount of insurance which may be written and the maximum size of any single risk exposure which may be assumed. The Insurer is also required to file detailed annual financial statements with the New York Insurance Department and similar supervisory agencies in each of the other jurisdictions in which it is licensed.

The extent of state insurance regulation and supervision varies by jurisdiction, but New York and most other jurisdictions have laws and regulations prescribing permitted investments and governing the payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets and incurrence of liabilities for borrowings.

THE FINANCIAL GUARANTY INSURANCE POLICIES ISSUED BY THE INSURER, INCLUDING THE FINANCIAL GUARANTY INSURANCE POLICY, ARE NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

The principal executive offices of the Insurer are located at 1221 Avenue of the Americas, New York, New York 10020 and its telephone number at this address is (212) 478-3400.

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 basic financial statements for the Fiscal Year Ending June 30, 2003 are attached hereto as Appendix H. The fiscal year 2002-03 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 2002-03 basic 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 – BASIC FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2003" 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, 2006
Mindell Lewis Penn	Vice Chair	November 17, 2004
Nathaniel Bates	Member	November 17, 2004
Charles H. Belcher	Member	November 17, 2004
Gary Bell	Member	November 17, 2004
Richard L. Griffin	Member	November 21, 2006
Thomas K. Butt	Member	November 17, 2004
Jim Rogers	Member	November 21, 2006
Maria Viramontes	Member	November 21, 2006

A discussion of senior management of the Agency and City and their respective positions and duties follows.

Phil Batchelor, is the Chief Executive Officer of the Agency and City Manager of the City. Mr. Batchelor was formerly the County Administrator of Contra Costa County for more than 20 years where he oversaw the criminal justice system, health, hospital and clinic system, general services, social services and employment, planning, transportation and community development, public works, fire protection, building inspection, libraries, finance, and a variety of other departments. He was also the Assistant County Executive, the Director of Revenue and Systems Agency, the Director of Personnel and Administration Agency, the Personnel Director, and the Budget Director of Santa Clara County. Mr. Batchelor received his M.B.A. and B.S. in Accounting from San Jose State University, and has a lifetime teaching credential for California Community Colleges in the areas of Business, Industrial Management and Public Administration. He has also taught or lectured at Berkeley, Stanford, San Jose State University, John F. Kennedy University, and Hayward State University.

Steve Duran, Executive 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.

Recent Developments

The City of Richmond has experienced significant financial and operating difficulties over the past several fiscal years. As a result of the uncertainty over the City's financial condition and the impact of the deficits in the pooled cash account, on January 13, 2004, Standard & Poor's suspended the Agency's credit ratings. The City announced in March of 2004 that it had a significant deficit in its pooled cash investment account as a result of negative balances for the general fund of the City as well as several special funds, all of which were held in the pooled cash account. The Agency's funds were also held in the City's pooled cash account, but had a positive balance. In March of 2004, Moody's Investors Service also suspended the Agency's credit ratings.

In June of 2004, the City Council, in its own capacity and in its capacity as the governing board of the Agency, took the following actions:

- Amended the Agency's Bylaws to require that all Agency funds be held in accounts separate and distinct from any City funds, and not commingled with any City funds;

- Appointed a Redevelopment Director who is not otherwise an employee of the City and gave the Director power to approve all expenditures of Agency funds (along with the Treasurer of the Agency, who is also the Finance Director of the City).

- Authorized and directed the Agency to pay the remaining amount of $6,367,031 of debt owed to the City (which will be funded from the proceeds of the Series 2004A Bonds). In 2003, the Agency paid $18,000,000 to the City for this same loan out of the proceeds of the Series 2003A and Series 2003B Bonds. The final payment of $6,367,031 will result in extinguishment of all obligations owed by the Agency to the City.

As of October 1, 2004, the Agency had a general fund balance of $2,500,618, and a balance of $3,404,979 restricted for housing purposes in the Agency's Low- and Moderate-Income Housing Fund.

On October 1, 2004, Standard & Poor's restored the Agency's credit rating on its Outstanding Bonds, and assigned an "A-" underlying rating on the Bonds secured by the Merged Project Area. The Agency believes that, as a result of the actions taken in June 2004 and the estimated tax increment and other revenues to be received by the Agency, the Agency will be able to meet all of its debt service obligations, continue to aggressively pursue its redevelopment programs and activities, and maintain financial stability into the future.

THE MERGED 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 Areas

The Agency amended and merged together nine of its project areas for financial and time limit purposes which together constitute the "Merged Project Area". 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 does not affect the senior pledge of tax increment revenues derived from the Harbour Project Area to the repayment of the Senior Harbour 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, subject to certain exceptions, no redevelopment agency 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 requirements for a normal plan amendment. The legislative body need only adopt an ordinance to delete the debt incurrence limit per SB 211. The Agency has deleted the debt incurrence limit from certain project areas, as shown below. Due to the SB 211 amendment, the required amount of AB 1290 pass through payments was increased for the 10A Downtown Project Area. Payments will be triggered in 2004-05, which is six years sooner than would be required if the SB 211 amendment were not processed. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS – SB 211" herein.

The Redevelopment Law was further amended by SB 1045 (chaptered as Chapter 260, Statutes of 2003) which authorizes a legislative body to adopt an ordinance to amend a redevelopment plan to extend by one year the time limit for the effectiveness of the plan and the time limit to pay indebtedness and receive property taxes, without the need to comply with the normal procedures and restrictions contained in the Redevelopment Law relating to the amendment of redevelopment plans. The Agency is currently in the process of amending the Redevelopment Plan as authorized by SB 1045.

Time Limits. The constituent project areas have various time limits for incurring 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 Merged Project Area.

Constituent Project Area	Primary Land Use	Acres	Original Adoption	Last Date to Incur Debt	Time Limit for Plan[1]	Time Limit for TI[2] Receipt
Pre-2004 Limit Area						
1A Eastshore	Residential	123	8/26/1957	Deleted[3]	1/1/2010	1/1/2020
1C Potrero	Residential	150	4/4/1960	Deleted[3]	1/1/2010	1/1/2020
3A Galvin	Industrial	95	2/28/1955	Deleted[3]	1/1/2010	1/1/2020
6A Harbor Gate (Original)	Industrial	118	11/8/1954	Deleted[3]	1/1/2010	1/1/2020
8A Hensley (Original)	Industrial	90.5	5/29/1960	Deleted[3]	1/1/2010	1/1/2020
8A Hensley (1980 Area)	Industrial	23.5	3/31/1980	Deleted[3]	3/31/2021	3/31/2031
10A Downtown	Commercial	107	5/23/1966	Deleted[3]	1/1/2010	1/1/2020
10B Nevin	Residential	17	9/18/1972	Deleted[3]	9/18/2013	9/28/2023
12A North Richmond	Commercial	19	9/18/1972	Deleted[3]	9/18/2013	9/18/2023
Post-2004 Limit Area						
1A Eastshore	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)	Residential	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)	Commercial	10	7/13/1999	7/13/2019	7/13/2029	7/13/2044
11A Harbour	Commercial	964	6/09/1975	Deleted[2]	6/09/2016	6/09/2025

[1] Assumes the SB 1045 amendments will be approved.
[2] Tax Increment. Assumes the SB 1045 amendments will be approved.
[3] The debt incurrence limit for this project area was 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 2003-04 fiscal year, the Consultant estimated that the Agency received $129.2 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 October 2004, the Agency had approximately $78.6 million in bonds outstanding. See "APPENDIX G – FISCAL CONSULTANT REPORT."

The Constituent Project Areas

A description of the current and future development within the Merged 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.

Eastshore Project Area. The Eastshore Project Area is comprised of 137 acres, including 14 acres added to this project area as part of the 1999 Amendments. The 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 at this time. The following activity is planned:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Provide assistance in the removal or rehabilitation of structurally substandard buildings.
- Establish a facade improvement program for existing businesses.

Galvin 3A Project Area. The Galvin Project Area is a 95-acre light industrial development containing distribution facilities, light assembly and research and development businesses. The Agency does not receive tax increment from personal property in the Galvin Project Area as further described in "BOND OWNERS' RISKS - Tax Collection Agreement." Redevelopment activities have included an extension of Standard Avenue, the construction and rehabilitation of streets, right-of-way acquisition and installation and upgrades to storm and sanitary sewers, water and utility lines, street lighting and infrastructure. The following activity is planned:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.

Harbor Gate Project Area. The Harbor Gate Project Area is comprised of 750 acres, including 16 acres added as part of the 1999 Amendments and 616 acres added by the 1995 amendment. This acreage is all characterized by underdeveloped/underutilized property, inadequate infrastructure and obsolete parcelization. The Agency does not receive tax increment from personal property in the Harbor Gate Project Area as further described in "BOND OWNERS' RISKS - Tax Collection Agreement."

Projects completed or under construction 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, no major projects are under review by the Agency or City at this time. The following activity is planned:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Complete the public improvement program for the South Richmond Shoreline area.
- Implement activities to provide for continued residential, commercial, industrial and research and development (R&D) projects.
- Assist with the removal and rehabilitation of structurally substandard buildings and consolidate irregularly shaped parcels.
- Continue to provide assistance for improvements to railroad crossing protection and safety upgrades.
- Assist in the remediation of contaminated property.
- Facilitate the redevelopment of underutilized waterfront property.

Hensley Project Area. The Hensley Project Area is comprised of 1,001 acres, including 887 acres added to this project area as part of the 1999 Amendments. The 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 for commercial and residential uses. The following activity is planned:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Facilitate development of high quality light industrial/R&D, commercial and residential development.
- Assist in the remediation of contaminated property.

Downtown Project Area. The Downtown Project Area is comprised of 281 acres, including 174 acres added to this project area as part of the 1999 Amendments. The 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 store along with another 30,000 square foot retail anchor and approximately 22,000 square feet of retail shops. A vision plan, the "Macdonald Avenue Economic Revitalization Plan," has been completed and will be the basis for additional residential and retail development within walking distance of the BART/Amtrak station in this project area. Additional planned activity includes:

- Alleviate physical and economic blighting conditions.

- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Assist with the removal and rehabilitation of structurally substandard buildings and consolidate irregularly shaped parcels.
- Facilitate the development of new retail services to serve local residents and businesses.
- Implement the Macdonald Avenue Economic Revitalization Plan.
- Create and implement a façade improvement program.

Nevin Center Project Area. The Nevin Center Project Area is comprised of 17 acres, including 10 acres added to this project area as part of the 1999 Amendments. The new acreage is characterized by vacant lots, abandoned buildings and underutilized facilities. Plans in this area include residential development and the revitalization of Nevin Park. Additional activity planned includes:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Assist with the removal and rehabilitation of structurally substandard buildings and consolidate irregularly shaped parcels.
- Implement the Macdonald Avenue Revitalization Plan.

North Richmond 12A Project Area. The North Richmond Project Area is comprised of 19 acres. This project area is located in the northern portion of the City. Agency activities in the North Richmond Project Area have focused on the construction and rehabilitation of housing units. The Agency plans to continue the rehabilitation of affordable housing; improve safety and security in the neighborhood; and construct public infrastructure, including specific utility undergrounding and street improvements. Other planned activities include:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.

Potrero 1C Project Area. The Potrero Project Area is a 150-acre residential project that was redeveloped with housing and various public improvements, including the Richmond Swim Complex. The major roadway through the Potrero Project Area is Cutting Boulevard. The Agency has made significant progress in achieving the Redevelopment Plan goals in the Potrero Project Area. This project area, along with the adjacent Eastshore Project Area, are part of the City's improvement and beautification program. A major housing development has been completed: Eastshore Manor I and Eastshore Manor II, all of which are provided for low and moderate income households contributing to the Agency's low and moderate income housing supply. Another significant project, the Richmond Swim Complex, opened in 1999. The following activity is planned:

- Alleviate physical and economic blighting conditions.

- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Assist with the improvement and upgrade of Carlson and Cutting Boulevards.
- Construct/rehabilitate public infrastructure and public facility improvements to stimulate new development.

Harbour Project Area. The 1,103-acre Harbour Project Area, is denominated on the Map as "VI Harbour." 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 completed or in progress include 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, remediation of certain properties located in the Harbour Project Area and assistance 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. Two projects moving forward include: (i) Signature Properties is under contract to build approximately 130 townhomes and over 20,000 square feet of retail space on the "North Shore" of Marina Bay and (ii) Toll Brothers is under contract to build approximately 250 condominiums on the "West Shore" of Marina Bay.

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. It 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 Merged Project Area included in the Consultant Report, attached hereto as Appendix G, provide an additional source of tax revenues during the forecast period of the report. Since some of these projects are under development, there can be no assurance that the 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 two 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 in contract with Orton Development 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 into approximately 250 high-end residential condominiums, many of which will have San Francisco Bay views. The project is in the planning stage of development and is expected to be under construction in 2005. Additional planned activities include:

- Alleviate physical and economic blighting conditions.
- Repay bonded indebtedness.
- Construct and/or rehabilitate public infrastructure and public facility improvements in order to stimulate development.
- Facilitate development of high quality light industrial/R&D, commercial and residential development.
- Facilitate the development of new retail services to serve local residents and businesses.
- Continue to provide assistance for improvements to railroad crossing protection and safety upgrades.

Taxable Values and Tax Increment Revenues

For the Merged 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 1999-2000 to 2003-04, the ten major property tax assessees and a projection of incremental tax revenue from fiscal years 2004-05 to 2029-30. Tax increment revenues may be reduced in the future as a result of a number of factors. See "BOND OWNERS' RISKS" herein.

TABLE 1
Richmond Redevelopment Agency
Historical Taxable Values and Tax Increment Revenues
Merged Project Area

Description	2000/01	2001/02	% Change	2002/03	% Change	2003/04	% Change	(2) 2004/05	% Change
Secured	1,089,057,719	1,195,306,251	9.76%	1,291,592,180	8.06%	1,385,790,906	7.29%	1,451,720,473	4.76%
Utility Roll	3,468,123	3,593,611	3.62%	3,421,975	-4.78%	5,995,261	75.20%	3,279,581	-45.30%
Unsecured	109,817,153	123,584,589	12.54%	118,004,091	-4.52%	128,938,843	9.27%	163,232,370	26.60%
TOTAL VALUE	1,202,342,995	1,322,484,451	9.99%	1,413,018,246	6.85%	1,520,725,010	7.62%	1,618,232,424	6.41%
Base Year Value	426,143,038	426,143,038		426,143,038		426,143,038		426,143,038	
Incremental Value	776,199,957	896,341,413		986,875,208		1,094,581,972		1,192,089,386	
Tax Incremental Levy	8,900,370	10,283,753		11,613,183		12,541,764		N/A	
Unitary Revenue	106,481	100,701		114,595		119,645		N/A	
Less Pass Through	0	(15,038)		(178,245)		(239,420)		N/A	
Less Admin Fee	(93,781)	(99,968)		(126,128)		(113,439)		N/A	
TOTAL LEVY	$8,913,071	$10,269,448		$11,423,405		$12,30,550		N/A	
Actual Receipts, less Supplemental Revenue	8,989,158	10,158,845		11,426,222		12,301,423		N/A	
PERCENTAGE OF LEVY	100.85%	98.92%		100.02%		99.94%		N/A	
Supplemental Revenues	411,842	456,913		857,864		441,053		N/A	
TOTAL RECEIPTS	9,401,000	10,615,758		12,284,086		12,742,476		N/A	
PERCENTAGE OF LEVY	105.47%	103.37%		107.53%		103.53%		N/A	

Total Percentage Assessed Value Change from 2000/01 to 2004/05	34.59%
Average Percentage Assessed Value Change from 2000/01 to 2004/05	7.71%
Average Receipts as a Percentage of Levy Without Supplementals (2000/01 to 2004/05)	99.91%
Average Receipts as a Percentage of Levy With Supplementals (2000/01 to 2004/05)	104.96%

Source: Fraser & Associates

TABLE 2
Ten Major Property Tax Assessees
Merged Project Area

Assessee	Types of Use	2004-05 Taxable Value[1]	% of Total Value[2]
Dicon Fiberoptics Inc.[3]	Industrial	$ 62,567,458	3.87%
Security Capital Pacific Trust	Residential	45,617,331	2.82
Cherokee Simeon Venture	Commercial	42,958,007	2.65
BP West Coast Products[3]	Industrial	27,951,154	1.73
The Hearst Corporation[3]	Newspaper	27,672,747	1.71
California Fats & Oils Inc.	Industrial	27,431,138	1.70
Rafanelli & Namas LP	Residential	24,162,985	1.49
Richmond Marina Shores II	Residential	24,041,762	1.49
Kaiser Foundation Hospital[4]	Hospital	23,537,508	1.45
Tosco Corporation	Industrial	23,208,158	1.43
Total Valuation		**$329,148,248**	**20.34%**

[1] Based on ownership of locally-assessed secured and unsecured property.
[2] Based on 2004-05 Merged Project Area taxable value of $1,618,232,424 and incremental value of $1,192,089,386.
[3] Each of these property owners have outstanding appeals.
[4] Approximately $9.0 million of the value that is shown is expected to be tax exempt in 2005-06.
Source: Fraser & Associates.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 3
Richmond Redevelopment Agency
Projection of Incremental Tax Revenue
Merged 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 $385,684	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	Available Tax Revenues
2004-2005	N/A	N/A	$1,483,164	$135,069	$1,618,232	$1,192,089	$13,590	$87	$13,676	$137	$2,735	$551	$2,337	$7,917
2005-2006	$1,477,478	21,972	1,499,450	135,069	1,634,519	1,208,376	13,775	87	13,862	139	2,772	601	2,337	8,013
2006-2007	1,527,445	12,531	1,539,976	135,069	1,675,044	1,248,901	14,237	87	14,324	143	2,865	697	2,337	8,282
2007-2008	1,568,727	0	1,568,727	135,069	1,703,796	1,277,653	14,565	87	14,652	146	2,930	772	2,337	8,467
2008-2009	1,598,015	0	1,598,015	135,069	1,733,084	1,306,941	14,899	87	14,986	150	2,997	848	2,337	8,655
2009-2010	1,627,850	0	1,627,850	135,069	1,762,919	1,336,776	15,239	87	15,326	153	3,065	925	2,337	8,846
2010-2011	1,658,242	0	1,658,242	135,069	1,793,311	1,367,168	15,586	87	15,672	157	3,134	1,008	2,337	9,037
2011-2012	1,689,201	0	1,689,201	135,069	1,824,270	1,398,127	15,939	87	16,025	160	3,205	1,105	2,337	9,219
2012-2013	1,720,739	0	1,720,739	135,069	1,855,807	1,429,664	16,298	87	16,385	164	3,277	1,203	2,337	9,404
2013-2014	1,752,865	0	1,752,865	135,069	1,887,934	1,461,791	16,664	87	16,751	167	3,350	1,304	2,337	9,593
2014-2015	1,785,591	0	1,785,591	135,069	1,920,660	1,494,517	17,037	87	17,124	171	3,425	1,438	2,337	9,753
2015-2016	1,818,928	0	1,818,928	135,069	1,953,997	1,527,854	17,418	87	17,504	175	3,501	1,575	2,337	9,917
2016-2017	1,852,887	0	1,852,887	135,069	1,987,956	1,561,813	17,805	87	17,891	179	3,578	1,715	2,337	10,083
2017-2018	1,887,481	0	1,887,481	135,069	2,022,549	1,596,406	18,199	87	18,286	183	3,657	1,857	2,337	10,252
2018-2019	1,922,720	0	1,922,720	135,069	2,057,789	1,631,646	18,601	87	18,687	187	3,737	2,002	2,337	10,425
2019-2020	1,427,101	0	1,427,101	110,362	1,537,463	1,149,783	13,108	34	13,142	131	2,628	1,433	2,337	6,612
2020-2021	1,453,745	0	1,453,745	110,362	1,564,107	1,176,427	13,411	34	13,445	134	2,689	1,545	2,337	6,740
2021-2022	1,480,887	0	1,480,887	110,362	1,591,248	1,203,569	13,721	34	13,755	138	2,751	1,659	2,337	6,871
2022-2023	1,486,891	0	1,486,891	110,341	1,597,232	1,211,281	13,809	30	13,839	138	2,768	1,743	2,337	6,853
2023-2024	1,514,651	0	1,514,651	110,341	1,624,992	1,239,041	14,125	30	14,155	142	2,831	1,860	0	9,323
2024-2025	1,542,930	0	1,542,930	110,341	1,653,271	1,267,320	14,447	30	14,478	145	2,896	1,978	0	9,459
2025-2026	1,571,736	0	1,571,736	110,341	1,682,077	1,296,126	14,776	30	14,806	148	2,961	2,099	0	9,597
2026-2027	625,875	0	625,875	28,766	654,641	319,743	3,645	1	3,646	36	729	1,047	0	1,833
2027-2028	637,561	0	637,561	28,766	666,326	331,428	3,778	1	3,779	38	756	1,096	0	1,889
2028-2029	649,464	0	649,464	28,766	678,229	343,331	3,914	1	3,915	39	783	1,151	0	1,942
2029-2030	661,589	0	661,589	28,766	690,355	355,457	4,052	1	4,053	41	811	1,207	0	1,995

(1) Prior year real property values increased by 1.867 percent per year. The value for 2005-06 has been reduced for exempt property and appeals.
(2) Based on Transit Village development.
(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
(4) Based on the application of Merged Project Area tax rates to the total incremental taxable value.
(5) Based on amount reported by Contra Costa County for 2003-04.
(6) Property tax administration fees are based on 1 percent of tax increment, which is the percentage that such fees represented in 2003-04.
(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 Merged Project Area (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated October 7, 2004. 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 4
Richmond Redevelopment Agency
Merged Project Area
Direct and Overlapping Debt Report

2004-05 Assessed Valuation:	$1,626,504,432 (1)
Base Year Valuation:	426,254,862
Incremental Valuation:	$1,200,249,570

DIRECT DEBT:	% Applicable (2)	Debt 10/1/04
Project 1B 1995 Refunding Marks-Roos Act Bonds	100. %	$ 239,112
Project 1C 1995 Refunding Marks-Roos Act Bonds	100.	1,640,328
Project 3A 1995 Refunding Marks-Roos Act Bonds	100.	1,400,560
Project 11A 1991 Refunding Tax Allocation Bonds	100.	260,000
Project 11A 1998 Refunding Tax Allocation Bonds	100.	21,277,779
TOTAL DIRECT DEBT		$24,817,739(3)

Ratio to Incremental Valuation: 2.07%

OVERLAPPING TAX AND ASSESSMENT DEBT:		
Contra Costa Community College District	1.430%	$ 666,380
West Contra Costa Unified School District	8.785	33,526,580
East Bay Municipal Utility District	0.385	15,169
East Bay Municipal Utility District, Special District No. 1	0.048	19,354
East Bay Regional Park	0.646	945,324
City of Richmond Community Facilities District No. 1998-1	100.	4,165,000
City of Richmond Harbor Navigation District, I.D. No. 1	72.839	1,234,621
City of Richmond I.D. No. 852	44.913	1,356,997
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$41,929,425
Less: East Bay Municipal Utility District		15,169
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$41,914,256

OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Contra Costa County General Fund Obligations	0.446%	$1,463,950
Contra Costa County Pension Obligations	0.446	2,538,721
Contra Costa County Board of Education Certificates of Participation	0.446	9,188
Alameda-Contra Costa Transit District Certificates of Participation	0.404	83,769
Contra Costa Community College District Certificates of Participation	0.447	5,856
West Contra Costa Unified School District Certificates of Participation	3.051	293,811
City of Richmond General Fund Obligations	5.624	2,639,175
City of Richmond Pension Obligations	5.624	1,474,894
Contra Costa County Mosquito Abatement District Certificates of Participation	0.446	2,498
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT		$8,511,862

GROSS COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	$75,259,026(4)
NET COMBINED TOTAL DIRECT AND OVERLAPPING DEBT	$75,243,857

(1) Excludes Richmond 11A 2000 Project Area.
(2) Based on 2003-04 ratios.
(3) Excludes tax allocation bonds to be sold.
(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations

Ratios to 2004-05 Assessed Valuation:
Gross Combined Total Direct and Overlapping Debt 4.63%
Net Combined Total Direct and Overlapping Debt.....4.63%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: $0

Source: California Municipal Statistics, Inc.

PROJECTED DEBT SERVICE COVERAGE

The following tables present the projected debt service coverage on the Loan Payments related to each Series of Bonds. Tables 5 and 6 present the Available Tax Revenues and payments under the Pre-2004 Loan Agreement, the 2003 Loan Agreement and the Non-Housing Loan Agreement and the debt service coverage ratio. Tables 7 and 8 present the Available Housing Set-Aside Tax Revenues and payments under the Pre-2004 Loan Agreement (but only with respect to the payments thereunder required to be paid from amounts allocable to the Agency's Housing Fund in respect of the 2000B Bonds and the Housing Loan Agreement and the debt service coverage ratio. There are no assurances that actual Available Tax Revenues and Available Housing Set-Aside Tax Revenues will be equal to the amounts projected. See "BOND OWNERS' RISKS" herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 5
Richmond Joint Powers Financing Authority
Tax Revenues
Projected Debt Service Coverage
(Assuming No Growth in Assessed Value)

Fiscal Year	Available Tax Revenues[1]	Pre-2004 Loan Payments[2]	2003 Loan Payments[2]	Series 2004A Non-Housing Loan Payments	Total Debt Service Coverage
2005-2006	$7,916,989.00	$2,353,707.50	$1,515,770.50	$ 594,515.05	1.77x
2006-2007	7,916,989.00	2,354,707.50	1,515,770.50	597,335.50	1.77x
2007-2008	7,917,078.00	2,351,997.50	1,515,770.50	594,828.00	1.77x
2008-2009	7,917,078.00	2,353,272.50	2,295,770.50	597,065.50	1.51x
2009-2010	7,917,078.00	2,351,610.00	2,298,252.50	593,870.50	1.51x
2010-2011	7,917,078.00	2,353,470.00	2,297,413.50	595,405.50	1.51x
2011-2012	7,917,078.00	2,355,970.00	2,293,085.50	596,510.50	1.51x
2012-2013	7,917,078.00	2,353,750.00	2,299,125.50	597,160.50	1.51x
2013-2014	7,917,078.00	2,351,670.00	2,297,128.00	597,383.00	1.51x
2014-2015	7,917,078.00	2,354,350.00	2,296,378.50	597,213.00	1.51x
2015-2016	7,917,078.00	2,351,150.00	2,296,311.50	596,750.50	1.51x
2016-2017	7,917,078.00	2,351,900.00	2,292,329.50	595,930.50	1.51x
2017-2018	7,917,078.00	2,353,000.00	2,295,689.50	594,568.00	1.51x
2018-2019	7,917,078.00	2,353,050.00	2,295,941.50	592,951.00	1.51x
2019-2020	7,917,078.00	106,775.00	2,747,230.00	2,786,079.50	1.40x
2020-2021	4,772,654.00	112,575.00	2,748,425.00	532,228.00	1.41x
2021-2022	4,772,654.00	112,850.00	2,748,845.00	532,048.00	1.41x
2022-2023	4,772,654.00	37,862.50	2,748,227.50	610,624.00	1.41x
2023-2024	4,656,324.00	36,550.00	2,746,310.00	529,304.00	1.41x
2024-2025	6,992,886.00	40,237.50	4,423,815.00	516,520.00	1.40x
2025-2026	6,992,886.00	38,662.50	4,425,815.00	518,736.00	1.40x
2026-2027	6,992,886.00	37,087.50	-	4,945,136.00	1.40x
	$158,708,936.00	**$33,466,205.00**	**$52,393,405.00**	**$19,312,162.55**	

(1) Does not include Parity capacity for housing set-aside revenues and excludes an amount equal to Senior Harbour Debt Service.

(2) These obligations are senior to the Series 2004A Non-Housing Loan Payments.

TABLE 6
Richmond Joint Powers Financing Authority
Tax Revenues
Projected Debt Service Coverage
(Assuming 1.867% Growth in Assessed Value)

Fiscal Year	Available Tax Revenues[1]	Pre-2004 Loan Payments[2]	2003 Loan Payments[2]	Series 2004A Non-Housing Loan Payments	Total Debt Service Coverage
2005-2006	$7,917,000.00	$2,353,707.50	$1,515,770.50	$ 594,515.05	1.77x
2006-2007	8,013,000.00	2,354,707.50	1,515,770.50	597,335.50	1.79x
2007-2008	8,282,000.00	2,351,997.50	1,515,770.50	594,828.00	1.86x
2008-2009	8,467,000.00	2,353,272.50	2,295,770.50	597,065.50	1.61x
2009-2010	8,655,000.00	2,351,610.00	2,298,252.50	593,870.50	1.65x
2010-2011	8,846,000.00	2,353,470.00	2,297,413.50	595,405.50	1.69x
2011-2012	9,037,000.00	2,355,970.00	2,293,085.50	596,510.50	1.72x
2012-2013	9,219,000.00	2,353,750.00	2,299,125.50	597,160.50	1.76x
2013-2014	9,404,000.00	2,351,670.00	2,297,128.00	597,383.00	1.79x
2014-2015	9,593,000.00	2,354,350.00	2,296,378.50	597,213.00	1.83x
2015-2016	9,753,000.00	2,351,150.00	2,296,311.50	596,750.50	1.86x
2016-2017	9,917,000.00	2,351,900.00	2,292,329.50	595,930.50	1.89x
2017-2018	10,083,000.00	2,353,000.00	2,295,689.50	594,568.00	1.92x
2018-2019	10,252,000.00	2,353,050.00	2,295,941.50	592,951.00	1.96x
2019-2020	10,425,000.00	106,775.00	2,747,230.00	2,786,079.50	1.85x
2020-2021	6,612,000.00	112,575.00	2,748,425.00	532,228.00	1.95x
2021-2022	6,740,000.00	112,850.00	2,748,845.00	532,048.00	1.99x
2022-2023	6,871,000.00	37,862.50	2,748,227.50	610,624.00	2.02x
2023-2024	6,853,000.00	36,550.00	2,746,310.00	529,304.00	2.07x
2024-2025	9,323,000.00	40,237.50	4,423,815.00	516,520.00	1.87x
2025-2026	9,459,000.00	38,662.50	4,425,815.00	518,736.00	1.90x
2026-2027	9,597,000.00	37,087.50	-	4,945,136.00	1.93x
	$193,318,000.00	**$33,466,205.00**	**$52,393,405.00**	**$19,312,162.55**	

(1) Does not include Parity capacity for housing set-aside revenues and excludes an amount equal to Senior Harbour Debt Service.

(2) These obligations are senior to the Series 2004A Non-Housing Loan Payments.

TABLE 7
Richmond Joint Powers Financing Authority
Housing Set Aside Tax Revenues
Projected Debt Service Coverage
(Assuming No Growth in Assessed Value)

Fiscal Year	Available Housing Set-Aside Tax Revenues	Pre-2004 Loan Payments[1]	Series 2004A Housing Loan Payments	Series 2004B Housing Loan Payments	Total Debt Service Coverage
2005-2006	$2,735,000.00	$587,367.50	$314,393.12	$139,818.85	2.63x
2006-2007	2,735,000.00	587,667.50	317,274.50	140,512.50	2.62x
2007-2008	2,735,000.00	586,917.50	315,357.00	139,212.50	2.63x
2008-2009	2,735,000.00	589,277.50	313,244.50	142,750.00	2.62x
2009-2010	2,735,000.00	585,167.50	315,937.00	141,000.00	2.62x
2010-2011	2,735,000.00	589,955.00	313,242.00	139,075.00	2.62x
2011-2012	2,735,000.00	587,905.00	315,372.00	141,975.00	2.62x
2012-2013	2,735,000.00	588,265.00	317,109.50	139,537.50	2.62x
2013-2014	2,735,000.00	586,700.00	313,469.50	141,912.50	2.62x
2014-2015	2,735,000.00	588,210.00	314,709.50	138,912.50	2.63x
2015-2016	2,735,000.00	587,410.00	315,672.00	140,912.50	2.62x
2016-2017	2,735,000.00	589,300.00	316,307.00	137,725.00	2.62x
2017-2018	2,735,000.00	588,495.00	316,471.50	139,325.00	2.62x
2018-2019	2,735,000.00	584,995.00	316,381.50	140,725.00	2.62x
2019-2020	2,735,000.00	28,800.00	876,037.00	141,925.00	2.61x
2020-2021	1,883,000.00	27,200.00	551,934.00	137,925.00	2.63x
2021-2022	1,883,000.00	25,600.00	557,592.00	138,300.00	2.61x
2022-2023	1,883,000.00	9,000.00	570,560.00	138,443.76	2.62x
2023-2024	1,851,000.00	8,600.00	561,624.00	138,356.26	2.61x
2024-2025	1,851,000.00	8,200.00	556,872.00	143,037.50	2.61x
2025-2026	1,851,000.00	7,800.00	556,032.00	142,256.26	2.62x
2026-2027	1,851,000.00	7,400.00	558,832.00	141,243.76	2.62x
	$54,078,000.00	**$8,350,232.50**	**$9,204,423.62**	**$3,084,881.39**	

[1] Includes only those payments under the Pre-2004 Loan Agreement required to be paid from amounts allocable to the Agency's Housing Fund in respect of the 2000B Bonds. These obligations are senior to the Housing Loan Payments.

TABLE 8
Richmond Joint Powers Financing Authority
Housing Set Aside Tax Revenues
Projected Debt Service Coverage
(Assuming 1.867% Growth in Assessed Value)

Fiscal Year	Available Housing Set-Aside Tax Revenues	Pre-2004 Loan Payments[1]	Series 2004A Housing Loan Payments	Series 2004B Housing Loan Payments	Total Debt Service Coverage
2005-2006	$ 2,735,000.00	$ 587,367.50	$314,393.12	$139,818.85	2.63x
2006-2007	2,772,000.00	587,667.50	317,274.50	140,512.50	2.65x
2007-2008	2,865,000.00	586,917.50	315,357.00	139,212.50	2.75x
2008-2009	2,930,000.00	589,277.50	313,244.50	142,750.00	2.80x
2009-2010	2,997,000.00	585,167.50	315,937.00	141,000.00	2.88x
2010-2011	3,065,000.00	589,955.00	313,242.00	139,075.00	2.94x
2011-2012	3,134,000.00	587,905.00	315,372.00	141,975.00	3.00x
2012-2013	3,205,000.00	588,265.00	317,109.50	139,537.50	3.07x
2013-2014	3,277,000.00	586,700.00	313,469.50	141,912.50	3.14x
2014-2015	3,350,000.00	588,210.00	314,709.50	138,912.50	3.22x
2015-2016	3,425,000.00	587,410.00	315,672.00	140,912.50	3.28x
2016-2017	3,501,000.00	589,300.00	316,307.00	137,725.00	3.36x
2017-2018	3,578,000.00	588,495.00	316,471.50	139,325.00	3.43x
2018-2019	3,657,000.00	584,995.00	316,381.50	140,725.00	3.51x
2019-2020	3,737,000.00	28,800.00	876,037.00	141,925.00	3.57x
2020-2021	2,628,000.00	27,200.00	551,934.00	137,925.00	3.66x
2021-2022	2,689,000.00	25,600.00	557,592.00	138,300.00	3.73x
2022-2023	2,751,000.00	9,000.00	570,560.00	138,443.76	3.83x
2023-2024	2,768,000.00	8,600.00	561,624.00	138,356.26	3.91x
2024-2025	2,831,000.00	8,200.00	556,872.00	143,037.50	4.00x
2025-2026	2,896,000.00	7,800.00	556,032.00	142,256.26	4.10x
2026-2027	2,961,000.00	7,400.00	558,832.00	141,243.76	4.19x
	$67,752,000.00	**$8,350,232.50**	**$9,204,423.62**	**$3,084,881.39**	

(1) Includes only those payments under the Pre-2004 Loan Agreement required to be paid from amounts allocable to the Agency's Housing Fund in respect of the 2000B Bonds. These obligations are senior to the Housing Loan Payments.

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 is 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 Merged 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 Merged Project Area available to secure the Loans. 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 Loans, the Agency and the Consultant relied on actual historical tax increment and made certain assumptions with regard to future assessed valuations in the Merged Project Area, future tax rates and the percentage of taxes collected and the outcome of assessment appeals. See "THE MERGED PROJECT AREA – The Constituent Project Areas" 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 Loans will be reduced. Such reduced tax increment may be insufficient to provide for the payment of debt service on the Loans and hence the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Tax Collection Agreement

As the result of an agreement between the County and the Agency relating to the Galvin Project Area and the original Harbor Gate Project Area, in calculating tax increment, the County only includes secured real property. Although the two constituent project areas were originally adopted in the 1950's, the Agency did not begin to claim tax increment from the Galvin Project Area and the original Harbor Gate Project Area until the mid 1990's. At that time, records on base year values for said project areas were not available. The County and the Agency agreed to use only the secured real property values from the earliest year for which records were available (Fiscal Year 1967-68). Consequently, only secured real property is included in the calculation of tax increment revenues for these two constituent project areas. The Agency believes that the foregoing method of calculating tax increment for said project areas will not materially adversely affect the Agency's ability to repay its obligations under the Loan Agreements.

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 therefore 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 (e.g. 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 date the appeal is filed. 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 recently resolved and open appeals in the Merged Project Area, as shown on the table below.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Assessee	Current Roll Value	Applicants Value Opinion	Resolved Value	Value Reduction
		Resolved Appeals		
Post-2004 Limit Area				
Catellus Development	$15,729,830	$10,597,135	$14,484,600	$1,245,230
Target Corporation	916,802	300,000	600,000	316,802
Total - Resolved	**$16,646,632**	**$10,897,135**	**$15,084,600**	**$1,562,032**

Assessee	Current Roll Value	Applicant's Value Opinion	Estimated Resolved Value(1)	Value Reduction
		Open Appeals		
Pre-2004 Limit Area				
The Hearst Corporation	$27,672,747	$ 6,850,000	$22,968,380	$4,704,367
Post-2004 Limit Area				
Bank of America Corporation	$ 1,020,455	$ 405,911	$846,978	$173,477
Berthoud, Philippe & Mary Ann	421,000	388,000	349,430	71,570
BP West Coast Products	26,264,714	7,183,076	21,799,713	4,465,001
Carr, Don & Lonne	6,295,133	4,227,272	5,224,960	1,070,173
Dicon Fiberoptics Inc.	62,567,458	20,641,000	51,930,990	10,636,468
FMC Corporation (Food Machinery Corp)	2,389,542	499,000	1,983,320	406,222
Quality Carriers, Inc.	2,805,416	800,000	2,328,495	476,921
Vital Properties LLC	1,168,002	750,000	969,442	198,560
Total - Post 2004 Areas	$102,931,720	$34,894,259	$85,433,328	$17,498,392
Total – Open Appeals	**$130,604,467**	**$41,744,259**	**$108,401,708**	**$22,202,759**

(1) Estimated at 17 percent reduction.
Source: Fraser & Associates

There were two recently resolved appeals that will result in value reductions of approximately $1.6 million in fiscal year 2005-06 for the Post-2004 Limit Area, as shown above. There are also open appeals for nine property owners, including three of the 2004-05 top ten assessees in the Merged Project Area (The Hearst Corporation; BP West Coast Products and Dicon Fiberoptics Inc.). In total, the owners have requested reductions in value of $41.7 million. The Consultant has estimated the potential impact of the open appeals based on success factor ratios since 2001 in the Merged Project Area. Over this time period, 37 appeals have been resolved. Thirty of these were either denied by the County or withdrawn by the property owner. Seven property owners were successful with their appeals. On average, reductions in value equaled 17 percent for all appeals that were filed. Based on the success ratio, we have assumed a 17 percent decrease in value for the open appeals. This would result in a reduction in future taxable values in the Pre-2004 Limit Areas of $4.7 million and a reduction in the Post-2004 Limit Areas of $17.5 million. The Consultant has reduced taxable value for the impact of open appeals in the 2005-06 fiscal year.

The County does not allocate refunds attributable to assessment appeals to redevelopment project areas. Therefore, the Consultant has 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 2005-06 fiscal year. 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 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, and the Housing Fund, into which all Pledged Housing Set-Aside 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 in the Special Fund or the Housing Fund could have a material adverse affect on the security for the Bonds.

Development Risks

The Agency's ability to make payments on the Loans 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 Merged Project Area 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 Merged Project Area 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 area, the owners of property within the Merged Project Area 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 constituent 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 Loans 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 2005-06 and future fiscal years, the Consultant used a 1.867% inflation factor to increase real property values in the Merged Project Area. The 1.867% factor is the factor that the County assessor has been

directed to use by the SBE in preparing the 2004-05 tax roll. In certain fiscal years, the inflation factor for certain constituent project areas has been less than 1.867% overall. Should inflation not reach 1.867% in the future, tax increment could be lower than projected for the Merged Project Area. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" herein.

State Budget

In connection with its approval of a budget for fiscal year 2002-03, the State Legislature adopted as urgency legislation Assembly Bill 1768 ("AB 1786"), effective September 30, 2002, which requires redevelopment agencies to pay into 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 fiscal years 1992-93, 1993-94 and 1994-95. 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 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 ERAF contribution for fiscal year 2003-04 was $368,961. The Agency's ERAF obligation in fiscal year 2003-04 will not impair the Agency's ability to pay debt service on the Series 2004 Bonds.

On January 9, 2004, the Governor introduced the proposed 2004-05 State Budget (the "Proposed State 2004-05 Budget"), proposing to close a projected $14 billion in operating deficits through a combination of major and wide-ranging spending reductions, additional borrowing, and a diversion of local property taxes from local government for the benefit of the State, including: (i) $7.3 billion in program reductions and related cost savings in the current and budget years combined, (ii) a $15 billion economic recovery bond issuance, (iii) $2.6 billion on other loans and borrowing (including a $930 million pension obligation bond sale), (iv) $1.8 billion in local government program related reductions, and (v) $1.6 billion in transfers and fund shifts. The Proposed 2004-05 State Budget does, however, project a Fiscal Year 2005-06 shortfall of approximately $6 billion. Of the $1.8 billion in local government reductions, the proposed 2004-05 State Budget includes $1.3 billion property tax shift from local government to the Educational Revenue Augmentation Fund ("ERAF"). The Proposed 2004-05 State Budget also includes funding for Backfill payments to cover the reduction in the VLF. The costs of the Backfill is $2.7 billion in 2003-04 (with an additional $1.3 billion payable to local governments in August 2006) and $4.1 billion in 2004-05. Moreover, the proposed 2004-05 State Budget defers reimbursements to counties, cities and special districts for state mandates. Under current law, local agencies must continue to carry out state-mandated requirements, regardless of delays in state reimbursement. In addition, the proposed 2004-05 State Budget includes more than $400 million of other reductions to local governments, including reduced funding for juvenile probation, suspending Proposition 42 General Fund transfers for local transportation programs and eliminating booking fee subventions.

The May Revision to the 2004-05 Governor's Budget was released on May 13, 2004 (the "May Revision"), projecting an approximately $17 billion gap between expenditures and revenues through fiscal year 2004-05. The May Revision relies on approximately $3.6 billion in new revenue sources relative to the Proposed 2004-05 State Budget, relating to: (1) approximately $1.3 billion associated with higher than expected receipts from a tax shelter amnesty program, (2) approximately $1.3 billion related

to an increase in the Governor's forecast of tax collections in Fiscal Years 2003-04 and 2004-05 combined, and (3) approximately $1 billion from accounting adjustments which result in the accrual of tax revenues attributable to prior-year liabilities. The May Revision also has the following features: (i) about $5.4 billion in program reductions and savings (including suspension of Proposition 98, reductions in higher education spending, elimination of social service COLAs and savings related to employee compensation and contracting), (ii) approximately $2.7 billion in savings from using $11.3 billion in ERB's as opposed to previously authorized statutory bonds; (iii) approximately $3.8 billion in savings due to other loans and borrowing (including a proposed pension obligation bond proceeds of approximately $1 billion, Proposition 98 moneys resulting from negotiations with educational entities, an increase in VLF from local governments and approximately $1.2 billion in Proposition 42 moneys as a result of negotiations with transportation entities); and (iv) other various shifts, transfers and increased revenues (including student fee increases). Further, the May Revision proposes a $1.3 billion shift from local revenues to the State in Fiscal Years 2004-05 and 2005-06 ($250 million for redevelopment agencies for each of the next two fiscal years to ERAF using the same formula as the current law). In return for the shift, the May Revision proposed that a local government initiative be placed on the November 2004 ballot that would protect local government revenues. Specifically, the initiative was to provide, among other things: (i) that the State may not reduce the rate of sales tax or reallocate or delay the distribution of property tax, sales tax or VLF to local governments, and (ii) for a shift of $4.1 billion of K-14 district property taxes to cities and counties as replacement for Backfill transferred to the State.

On July 31, 2004, the Governor signed the 2004-05 State Budget. The 2004-05 State Budget provides for ERAF payments by redevelopment agencies in the aggregate amount of $250 million statewide for the next two fiscal years. The Agency's share of this payment is approximately $667,729 for both fiscal years 2004-05 and 2005-06, but the final amount will not be determined until the State Controller makes certain calculations required to be completed in October of this year. The Agency's ERAF obligation in fiscal year 2004-05 will not impair the Agency's ability to pay debt service on the Series 2004 Bonds. The Agency cannot predict whether the State Legislature will enact legislation requiring deposits into ERAF 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 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 and Pledged Housing Set Aside Tax Revenues on a parity with its pledge of Pledged Tax Revenues and Pledged Housing Set Aside 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 and Pledged Housing Set Aside 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 Merged 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 Merged 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. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in the Orange County Superior Court and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. In 2003, the Orange County Superior Court declared the recapture practice to be unconstitutional as applied to the plaintiff taxpayer. Orange County appealed the case to the California Court of Appeal and, on March 26, 2004, the Court of Appeal reversed the Superior Court in County of Orange v. Bezaire thereby approving the county's current practice. The Agency is unable to predict whether the Court of Appeal decision will be appealed to the Supreme Court, nor what effect, if any, a final decision on behalf of the plaintiff 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 Merged 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 Merged 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 Merged Project Area for fiscal year 2004-05 is $92,081, which is one percent (1%) of fiscal year 2003-04 tax increment 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 Consultant has estimated that the Agency is qualified to receive approximately $86,000 of allocable tax revenues in fiscal year 2004-05 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 – Basic Financial Statements of the Agency for the Fiscal Year Ending June 30, 2003" 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 $2,735,292. 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 Agreements.

Pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, a total of $550,854 is estimated to be deducted from the Agency's fiscal year 2004-05 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 2004B 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 2004B 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 2004A 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 2004B Bonds is less than the amount to be paid at maturity of such Series 2004B Bonds or (excluding amounts stated to be interest and payable at least annually over the term of such Series 2004B 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 2004B 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 2004B Bonds is the first price at which a substantial amount of such maturity of the Series 2004B 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 2004B Bonds accrues daily over the term to maturity of such Series 2004B 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 2004B Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2004B Bonds. Owners of the Series 2004B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2004B Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2004B Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2004B Bonds is sold to the public.

Series 2004B 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 2004B 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 2004B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2004B 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 2004B Bonds may adversely affect the value of, or the tax status of the interest on, the Series 2004B 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 2004B 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 2004B 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 2004B 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 2004B 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 2004B Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Series 2004B Bonds from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Series 2004B 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 2004B Bonds for audit examination, or the course or result of any IRS examination of the Series 2004B Bonds, or obligations which present similar tax issues, will not affect the market price for the Series 2004B 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 Agreements 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

The Bonds (except for $2,135,000 of the Series 2004A Term Bond due September 1, 2020, $4,025,000 of the Series 2004A Term Bond due September 1, 2026 and $820,000 of the Series 2004B Bonds due September 1, 2026 (collectively, the "Placed Bonds")) will be purchased from the Authority

by RBC Dain Rauscher Inc., as underwriter (the "Underwriter") under a Bond Purchase Contract (the "Purchase Contract") pursuant to which the Underwriter agrees, subject to certain conditions, to purchase all of such Bonds at an aggregate purchase price of $9,891,673.55 (representing the par amount of such Bonds of $10,020,000.00, less an underwriter's discount of $125,250.00, less original issue discount of $3,076.45).

The Placed Bonds will be purchased from the Authority by Fannie Mae under the Purchase Contract pursuant to which Fannie Mae agrees, subject to certain conditions, to purchase all of the Placed Bonds at a purchase price of $6,980,000.00 (representing the par amount of the Placed Bonds). The Underwriter will receive a placement fee with respect to the Placed Bonds of $87,250.00.

The agreement pursuant to which the Underwriter purchased the Bonds provides that all of the Bonds, other than the Placed Bonds, must be purchased if any of such 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 2003-04 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."

Although the Agency has timely filed all of its required annual reports and material event notices pursuant to the continuing disclosure undertakings of the Agency for its outstanding bonds, in several cases, certain items of information required to be contained in such reports were not included because the information was not available as of the deadline for filing the reports. The Agency has as of the date hereof filed all required missing items for such reports. As a result of the changes to the Agency's management and accounting practices referred to above under "THE AGENCY - Recent Developments" the Agency believes it will be able to fully comply with its continuing disclosure obligations going forward.

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 the 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 Policy 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 Agreements, 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 basic 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

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/ Pat Samsell
Treasurer/Auditor

(THIS PAGE INTENTIONALLY LEFT BLANK)

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 2000-04
STATE ESTIMATES
(rounded to nearest hundred)

Census Year	City of Richmond	Contra Costa County
2000	99,216	948,816
2001	100,300	964,400
2002	101,000	980,900
2003	101,400	994,900
2004	101,700	1,003,900

Source: California Department of Finance, Demographic Research Unit.

The City estimates that it had 36,418 housing units as of December 31, 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 December 1, 2003.

The 2003 Survey of Buyer Power (Sales & Marketing Management and Media Markets) estimated median household effective buying income (in 1983 dollars) at $40,033 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 1998-99 through 2002-03 assessed valuations for the City.

CITY OF RICHMOND
HISTORY OF ASSESSED VALUATION
1998-99 THROUGH 2002-03

Total Fiscal Year	Assessed Valuation*
1998-99	$6,255,102,785
1999-00	6,495,468,334
2000-01	6,873,053,040
2001-02	7,868,440,552
2002-03	8,111,692,985

* 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
1998-99 THROUGH 2002-03

Fiscal Year	Ending Tax Levy	Reimbursed Tax Levy	Percent Current Levy Delinquent June 30
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%
2002-03	23,253,482	397,750	1.71%

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
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
2002-03	1,293,561,117	25,574,249	1.98	34,508,149	30,347,321	88

Source: Contra Costa County Auditor-Controller.

Largest Taxpayers

Set forth below are the largest secured property taxpayers in the City for the 2003-04 fiscal year.

Property Owner	Primary Land Use	Assessed Valuation	Total
Chevron USA, Inc.	Petroleum/Coal Products	$2,449,586,603	30.20%
Berlex Laboratories, Inc.	Chemical Production	133,843,876	1.65
Kaiser Permanente	Hospitals	95,606,750	1.18
United States of America	General Government	77,131,670	0.95
ICI Americas	Commercial/Industrial Property	73,122,889	0.90
Watch Holdings	Apartments	53,935,517	0.66
Marina Lakes Venture	Apartments	45,172,905	0.56
Security Capital Pacific Trust	Apartments	42,703,037	0.53
MSC Pinole Point Steel	Primary Metal Industry	46,125,738	0.57
California Corporation	Food Products	39,195,137	0.48

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	17,270	36.0	21,040	38.0	22,830	38.0
Mfg. & Wholesale	7,260	18.6	8,140	17.0	9,070	16.0	9,670	16.0
Retail Trade	5,440	14.0	6,400	13.0	7,130	12.0	7,860	13.0
Agricultural/Mining	580	1.5	440	2.0	440	1.0	440	1.0
Other[2]	11,830	30.3	15,170	32.0	18,180	33.0	19,090	32.0
TOTAL	38,980	100.0	47,420	100.0	55,860	100.0	59,890	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 2003.

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 bulk 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 in the early 1990's (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 that is spurring 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 $268,000,000 million in 1998-2003, representing 1,750,000 square feet of new building space and 500,000 of rehabilitated space (see following table).

MAJOR INDUSTRIAL/COMMERCIAL INVESTMENTS IN RICHMOND, CALIFORNIA 1998-2003*

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	240,000
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	25	500,000
Campus Bay**	Mixed Use	24	120,000
Macdonald/South Shopping Center	Retail	18	210,000

* Does not include housing investments.
** First phase consists of rehabilitating existing R&D buildings.
Source: Richmond Redevelopment Agency.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Employment

The City's major employers as of July 1, 2004 are listed in the following table.

MAJOR EMPLOYERS IN RICHMOND, CALIFORNIA[1]

Manufacturing Companies	Employment	Products
Chevron U.S.A., Inc. Refinery	1,718	Petrochemicals
West Contra Costa Unified School District	1,271	Public schools
Chevron Research & Technology	1,261	Petrochemicals research
Social Security Payment Center	1,260	Federal government
U.S. Postal Service Bulk Mail Center	1,007	Bulk Mail
United Parcel Service (UPS)	950	Mailing Distribution Center
City of Richmond	875	City Government
U. C. Berkeley Field Station	440	Research/Education
Permanente Medical Group	437	Medical Services
Bio Rad Laboratories, Inc.	312	Biotechnology
Costco Wholesale	300	Non-Durable Wholesale Trade
Safeway Stores, Inc.	300	Grocery/Distribution
PG&E Richmond Service Center	299	Gas & Electric Utilities
Grace Baking Co.	269	Food Product/Production
Macy's Hilltop	260	Department Store
The Home Depot	252	Building Materials
Burlington Northern Santa Fe Railway	250	Railroad Terminal
Calif. Autism Foundation, Inc.	250	Social Services
MSC/Pinole Point Steel Inc. /Pre Finish Metals Inc.	243	Steel Fabrication
Palecek Imports, Inc.	200	Furniture and Fixtures
Comcast of California	197	Cable/Pay TV Services
Kensington Laboratories	196	Instrument & RLTD Production
Ford Motor Co.	194	Auto Parts

[1] Employment figures are from City business license records current as of July 2004 and (for public and other non licensed employers) from a telephone survey in July 2004. 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 2000 to 2004.

LABOR FORCE ANNUAL AVERAGE UNEMPLOYMENT RATES
RICHMOND, STATE OF CALIFORNIA AND UNITED STATES
2000-2004[1]

Year	Richmond	California	United States
2000	5.3%	4.9%	4.0%
2001	6.3	5.4	4.8
2002	9.8	6.7	-[2]
2003	9.6	6.8	6.3
2004	9.6	6.7	6.2

[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. A total of 688 new homes have been completed at Hilltop in two separate developments (Park Ridge, 645 units, and Hilltop Lake Overlook, 43 units). The Park Ridge project represents the first stages of development in the Hilltop West Area. A total of 383 new for sale residential units are in the entitlement approval process. In addition, 704 new apartment units have also been completed in the past year. As part of the apartment development, an additional 100,000 square feet of retail is entitled and under construction. 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 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 2008, Marina Bay will include 2,700 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 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 the first phase of a campus for Dicon Fiberoptics. The 240,000 square foot complex is part of a 865,000 square foot campus planned by the fiberoptics firm. 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.

Simeon Properties is currently completing phase I of the Campus Bay office park. When completed this will add 400,000 square feet of R&D office, and laboratory space to the south shoreline. A residential, mixed-use component is under consideration by local planning authorities and regional regulatory agencies. The development entails approximately 1,000 residential units of varying product type.

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 Redevelopment Agency and the Penterra Company, the master developer of Marina Bay, have worked together to market the Northshore to a developer. The project will include 133 condominium units and approximately 40,000 square feet of marina oriented commercial space.

There are two 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 developed by the Agency for approximately 100 live/work units and 180,000 square feet of office with the possibility of an additional 285,000 square feet of commercial 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 approximately 250 higher priced residential condominiums, some of which have 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 play lots 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

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

Certain provisions of the Trust Agreement and the Loan Agreements 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" 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" means the Richmond Redevelopment Agency, a public body, corporate and politic, organized and existing pursuant to the Law.

"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.

"Available Housing Set-Aside Tax Revenues" means, for each Fiscal Year during the term of the Housing Loan Agreement, an amount of not less than 20% of 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).

"Available Tax Revenues" means, for each Fiscal Year during the term of the Non-Housing 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; and

(c) Pass-Through Payments; and

(d) the Senior Harbour Debt Service.

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

"Authority" means the Richmond Joint Powers Financing Authority created pursuant to the Act and its successors and assigns in accordance with the Trust Agreement.

Bonds" means the Series 2004A Bonds, the Series 2004B Bonds and the Series 2004B-T

Bonds authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with Article II of the Trust Agreement. "Serial Bonds" means Bonds for which no sinking fund payments are provided. "Series 2004A Bonds" means the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) issued pursuant to the Trust Agreement. "Series 2004B Bonds" means the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) issued pursuant to the Trust Agreement. "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" means XL Capital Assurance Inc. as issuer of the Financial Guaranty Insurance Policy.

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

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

"Combined Annual Debt Service" means, with respect to the Non-Housing Loan Agreement, as of the date of calculation, the total Debt Service plus Senior Merged Area Debt Service payable in each 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 Non-Housing Loan Agreement and, with respect to the Housing Loan Agreement, means, as of the date of calculation, the total Debt Service plus Senior Housing Debt Service payable in each 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.

"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 Agreements, 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" means the fund by that name established pursuant to the Trust Agreement.

"County" means Contra Costa County.

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

"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 the Department of Treasury of 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

"Event of Default" means any of the events described in the Loan Agreements.

"Financial Guaranty Insurance Policy" means the Financial Guaranty Insurance Policy, issued by the Bond Insurer insuring the payment when due of the interest on and principal of the Bonds as provided in the Trust Agreement.

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

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

"Housing Fund" means the Agency's Low- and Moderate-Income Housing Fund established and maintained for the purpose of increasing the supply of low- and moderate-income housing pursuant to the Law.

"Housing Share" means a fraction, the numerator of which is the amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Housing Project Account and the denominator of which is the sum of (i) amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account and the Series 2004A Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations, all as provided in the Trust Agreement. The Authority and the Agency agree that the Housing Share, expressed as a percentage, is 34%.

"Housing Loan Agreement" means the Loan Agreement (Housing) providing for the loan to the Agency of a portion of the proceeds of the Series 2004A Bonds and all the proceeds of the Series 2004B Bonds, dated as of October 1, 2004, by and between the Agency and the Authority.

"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.

"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:

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

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

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.

"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" means a date on which interest is due on the Bonds, being March 1 and September 1 of each year to which reference is made, commencing on March 1, 2005.

"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 of the Trust Agreement and thereof.

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

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

"Loan Agreements" means the Housing Loan Agreement and the Non-Housing Loan Agreement.

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

"Loan Payments" means the Series 2004A Non-Housing Loan Payments, the Series 2004A Housing Loan Payments and the Series 2004B Loan Payments under the Loan Agreements, other than the Additional Payments thereunder.

"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 Agreements.

"Non-Housing Loan Agreement" means the Loan Agreement (Non-Housing) providing for the loan to the Agency of a portion of the proceeds of the Series 2004A Bonds, dated as of October 1, 2004, by and between the Agency and the Authority.

"Non-Housing Share" means a fraction, the numerator of which is sum of (i) the amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations and the denominator of which is the sum of (i) amount of proceeds of the Series 2004A Bonds deposited in the Series 2004A Non-Housing Project Account and the Series 2004A Housing Project Account plus (ii) the amount of proceeds of the Series 2004A Bonds applied to the payment of the Prior City Obligations, all as provided in the Trust Agreement. The Authority and the Agency agree that the Non-Housing Share, expressed as a percentage, is 66%.

"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," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement regarding Disqualified Bonds) 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 "Discharge of Bonds" section 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 pursuant to the Trust Agreement.

"Parity Debt" means 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 Agreements.

"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 the Loan Agreements.

"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.

"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 the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(3) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any 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. Government National Mortgage Association (GNMA)
h. Federal Housing Administration Debentures (FHA)

(4) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United

States of America; provided that stripped securities are only permitted if they have been stripped by the agency itself:

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) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2 including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services.

(6) 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.

(7) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

(8) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements acceptable to the Bond Insurer.

(9) Commercial paper which is rated at the time of purchase, "Prime –1" by Moody's and "A-1" or better by S&P.

(10) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such rating agencies.

(11) Federal funds or bankers acceptances with a maximum term of one year of any bank, including the Trustee and its affiliates, which has an unsecured, uninsured and unguaranteed obligation rating of "Prime –1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(12) Repurchase agreements meeting the requirements of the Bond Insurer.

(13) 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.

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 Housing Set Aside Tax Revenues" means, for each Fiscal Year during the term of the Housing Loan Agreement, an amount of not less than 20% of 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, received pursuant to Section 16111 of the Government Code; and

(b) the Senior Merged Area Housing Debt Service.

"Pledged Tax Revenues" means, for each Fiscal Year during the term of the Non-Housing 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; and

(c) Pass-Through Payments;

(d) the Senior Harbour Debt Service; and

(e) the Senior Merged Area Debt Service

"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.

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

"Prior City 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 the approximate amount of $6,367,031.

"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:

Downtown 10A Project Area, initially established May 23, 1966; as amended from time to time.

Eastshore 1A Project Area, initially established August 26, 1957; as amended from time to time.

Galvin 3A Project Area, initially established February 28, 1955, as amended from time to time.

Harbor Gate 6A Project Area, initially established November 8, 1954; as amended from time to time.

Harbour 11A Project Area, initially established June 9, 1975, as amended from time to time.

Hensley 8A Project Area, initially established May 29, 1960; as amended from time to time.

Nevin 10B Project Area, initially established September 18, 1972; as amended from time to time..

North Richmond 12A Project Area, initially established September 18, 1972, as amended from time to time.

Potrero 1C Project Area, initially established April 4, 1960, as amended from time to time.

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

"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 statement that the person or firm making or giving such Report has read the pertinent provisions of the Loan Agreements to which such Report relates;

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

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.

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

"Revenues" means all Series 2004A Revenues and Series 2004B Revenues.

"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.

"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.).

"Senior Merged Area Debt Service" means all of the payments required to be made pursuant to the Senior Merged Area Obligations.

"Senior Merged Area Housing Debt Service" means all of the payments required to be made pursuant to the Senior Merged Area Housing Obligations.

"Senior Merged Area Obligations" means the 2003 Loan Agreement and the Pre-2004 Loan Agreement.

"Senior Merged Area Housing Obligations" means the Pre-2004 Loan Agreement, but only with respect to the payments thereunder required to be paid from amounts allocable to the Housing Fund in respect of the Authority's Housing Set-Aside Tax Allocation Revenue Bonds, Series 2000B (Taxable).

"Series 2004A Bonds" means the Richmond Joint Powers Financing Authority, Tax Allocation Revenue Bonds, Series 2004A (Taxable) issued by the Authority pursuant to the Trust Agreement.

"Series 2004B Bonds" means the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) issued by the Authority pursuant to the Trust Agreement.

"Series 2004A Non-Housing Loan Payments" means the payments required to be paid pursuant to the Non-Housing Loan Agreement.

"Series 2004A Housing Loan Payments" means the payments required to be paid with respect to the Series 2004A Bonds pursuant to the Housing Loan Agreement.

"Series 2004B Loan Payments" means the payments required to be paid with respect to the Series 2004B Bonds pursuant to the Housing Loan Agreement.

"Series 2004A Housing Project Account" means the account by that name established and maintained by the Trustee pursuant to the Trust Agreement.

"Series 2004A Non-Housing Project Account" means the account by that name established and maintained by the Trustee pursuant to the Trust Agreement.

"Series 2004B Project Account" means the account by that name established and maintained by the Trustee pursuant to the Trust Agreement.

"Series 2004A Reserve Account Requirement" means an amount equal to $1,499,728.55, as such amount may be reduced pursuant to the Trust Agreement.

"Series 2004B Reserve Account Requirement" means an amount equal to $199,963.81, as such amount may be reduced pursuant to the Trust Agreement.

"Series 2004A Revenues" means (i) the Series 2004A Non-Housing Payments received by the Trustee pursuant to the Non-Housing Loan Agreement (but not Additional Payments), plus (ii) the Series 2004A Housing Loan Payments received by the Trustee pursuant to the Housing Loan Agreement (but no Additional Payments), plus (iii) all interest or other income from any investment, pursuant to the Trust Agreement, of any money in the Series 2004A Revenue Fund or any account therein.

"Series 2004B Revenues" means Series 2004B Loan Payments received by the Trustee pursuant to the Housing 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 2004B Revenue Fund or any account therein.

"Series 2004A 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.

"Series 2004B 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" 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 the Non-Housing 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.

"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 thereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

"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" 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 October 1, 2004, 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.

"2003 Loan Agreement" means that certain loan agreement entitled "Loan Agreement" by and between the Agency and the Authority, dated as of August 1, 2003.

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

duly authorized representative of the Agency.

"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 under the Trust Agreement.

"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 under the Trust Agreement.

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 Agreements is assigned to the Trustee for the benefit of the bondowners and is 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 Agreements.

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 Agreements; provided that nothing in the Trust Agreement shall prevent the Authority or the Agency from issuing or otherwise incurring additional obligations as permitted by the Loan Agreements.

Pledge of Revenues

Series 2004A Revenues. All Series 2004A Revenues and any other amounts (including proceeds of the sale of the Series 2004A Bonds) held by the Trustee in the Series 2004A Revenue Fund are irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Series 2004A Bonds as provided in the Trust Agreement, and the Series 2004A Revenues shall not be used for any other purpose while any of the Series 2004A Bonds remain Outstanding; provided, however, that out of the Series 2004A 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 Series 2004A Revenues and all other moneys on deposit in the Series 2004A Revenue Fund for the payment of the interest on and principal of the Series 2004A Bonds in accordance with the terms of the Trust Agreement and thereof. In the Trust Agreement, the Authority assigned to the Trustee all of the Authority's rights and remedies under the Agency Agreements; such assignment shall confer no duties or obligations of the Authority upon the Trustee and shall be subject to the provisions of the Trust Agreement.

Series 2004B Revenues. All Series 2004B Revenues and any other amounts (including proceeds of the sale of the Series 2004B Bonds) held by the Trustee in the Series 2004B Revenue Fund are irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Series 2004B Bonds as provided in the Trust Agreement, and the Series 2004B Revenues shall not be used for any other purpose while any of the Series 2004B Bonds remain Outstanding; provided, however, that out of the Series 2004B 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 Series 2004B

Revenues and all other moneys on deposit in the Series 2004B Revenue Fund for the payment of the interest on and principal of the Series 2004B Bonds in accordance with the terms of the Trust Agreement and thereof. In the Trust Agreement, the Authority assigned to the Trustee all of the Authority's rights and remedies under the Agency Agreements; such assignment shall confer no duties or obligations of the Authority upon the Trustee and shall be subject to the provisions of the Trust Agreement.

Establishment and Maintenance of Accounts for Use of Money in the Series 2004A Revenue Fund

Subject to the Trust Agreement, all money in the Series 2004A Revenue Fund shall be set aside by the Trustee in the following special accounts or funds within the Series 2004A Revenue Fund (each of which is created and each of which the Trustee covenants and agrees to cause to be maintained) in the following order of priority:

(a) Series 2004A Interest Account,

(b) Series 2004A Principal Account, and

(c) Series 2004A 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.

(a) Series 2004A Interest Account. On each Interest Payment Date, commencing on March 1, 2005, the Trustee shall set aside from the Series 2004A Revenue Fund and deposit in the Series 2004A Interest Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the amount of interest becoming due and payable on all Outstanding Series 2004A Bonds on such Interest Payment Date.

No deposit need be made in the Series 2004A 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 2004A Bonds on such Interest Payment Date.

All money in the Series 2004A Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2004A Bonds as it shall become due and payable (including accrued interest on any Series 2004A Bonds purchased or redeemed prior to maturity).

(b) Series 2004A Principal Account. On each September 1, commencing September 1, 2005 the Trustee shall set aside from the Series 2004A Revenue Fund and deposit in the Series 2004A Principal Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the principal amount (including the payment of principal with respect to any mandatory redemption) of all Outstanding Series 2004A Bonds, maturing on such September 1.

No deposit need be made in the Series 2004A Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2004A Bonds maturing or subject to mandatory redemption by their terms on such September 1.

All money in the Series 2004A Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2004A Bonds as they shall become due and payable, whether at maturity or redemption.

(c) Series 2004A Reserve Account. All money in the Series 2004A Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series 2004A Interest Account

or the Series 2004A 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 on or principal of the Series 2004A Bonds or for the retirement of all the Series 2004A Bonds then Outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Series 2004A Reserve Account in excess of the Series 2004A Reserve Account Requirement shall be withdrawn from the Series 2004A Reserve Account and deposited in the Series 2004A Interest Account, on each March 1 and September 1. For purposes of determining the amount on deposit in the Series 2004A Reserve Account, the Trustee shall value on the last Business Day of each February and August those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2004A Bonds pursuant to the Trust Agreement, the Series 2004A Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2004A Bonds after such redemption.

Establishment and Maintenance of Accounts for Use of Money in the Series 2004B Revenue Fund

Subject to the Trust Agreement, all money in the Series 2004B Revenue Fund shall be set aside by the Trustee in the following special accounts or funds within the Series 2004B Revenue Fund (each of which is created and each of which the Trustee covenants and agrees to cause to be maintained) in the following order of priority:

(a) Series 2004B Interest Account,

(b) Series 2004B Principal Account, and

(c) Series 2004B 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 of the Trust Agreement, if the total amount on deposit in the Series 2004B 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 the Trust Agreement without premium, the Trustee shall redeem all remaining Outstanding Bonds from amounts on deposit in the Series 2004B Revenue Fund and remit any balance therein to the Authority.

(a) Series 2004B Interest Account. On each Interest Payment Date, commencing on March 1, 2005, the Trustee shall set aside from the Series 2004B Revenue Fund and deposit in the Series 2004B Interest Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the amount of interest becoming due and payable on all Outstanding Series 2004B Bonds on such Interest Payment Date.

No deposit need be made in the Series 2004B 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 2004B Bonds on such Interest Payment Date.

All money in the Series 2004B Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2004B Bonds as it shall become due and payable (including accrued interest on any Series 2004B Bonds purchased or redeemed prior to maturity).

(b) Series 2004B Principal Account. On each September 1, commencing September 1, 2005 the Trustee shall set aside from the Series 2004B Revenue Fund and deposit in the Series 2004B Principal Account that amount of money which, when added to any amounts then on deposit in such account, is equal to the principal amount (including the payment of principal with respect to any mandatory redemption) of all Outstanding Series 2004B Bonds, maturing on such September 1.

No deposit need be made in the Series 2004B Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2004B Bonds maturing or subject to mandatory redemption by their terms on such September 1.

All money in the Series 2004B Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2004B Bonds as they shall become due and payable, whether at maturity or redemption.

(c) Series 2004B Reserve Account. All money in the Series 2004B Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Series 2004B Interest Account or the Series 2004B 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 2004B Bonds or for the retirement of all the Series 2004B Bonds then Outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Series 2004B Reserve Account in excess of the Series 2004B Reserve Account Requirement shall be withdrawn from the Series 2004B Reserve Account and deposited in the Series 2004B Interest Account, on each March 1 and September 1. For purposes of determining the amount on deposit in the Series 2004B Reserve Account, the Trustee shall value on the last Business Day of each February and August those amounts invested in Permitted Investments at the market value thereof. In the event of a partial redemption of the Series 2004B Bonds pursuant to the Trust Agreement, the Series 2004B Reserve Account Requirement shall be reduced to the Maximum Annual Debt Service on all Outstanding Series 2004B Bonds after such redemption.

Reserve Surety Policies and Letters of Credit

The Authority may satisfy the Series 2004A Reserve Account Requirement or the Series 2004B Reserve Account Requirement at any time by the deposit with the Trustee for the credit of the Series 2004A Reserve Account or the Series 2004B 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 2004A Reserve Account, or the Series 2004B Reserve Account to meet the Series 2004A Reserve Account Requirement or the Series 2004B 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 2004A Reserve Account, or the Series 2004B 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 2004A Reserve Account or the Series 2004B Reserve Account, as the case may be, an amount equal to the Series 2004A Reserve Account Requirement or the Series 2004B Reserve Account Requirement, respectively.

(b) Letter of Credit. A letter of credit may be deposited in the Series 2004A Reserve Account or the Series 2004B Reserve Account to meet the Series 2004A Reserve Account Requirement or

the Series 2004B-T 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 the Trust Agreement 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 any lawful purpose of the Agency; provided, that with respect to the Series 2004B 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 2004B 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 Trust Agreement, all money held by the Trustee in any of the accounts or funds established pursuant thereto 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 each 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 the Trust Agreement, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Trust Agreement (except the Series 2004A Reserve Account and the Series 2004B Reserve Account) shall be retained therein. So long as no event of default under the Trust Agreement shall have occurred and be continuing and so long as all amounts owing to the Bond Insurer under the Financial Guaranty Insurance Policy are paid in full, any amount in the Series 2004A Reserve Account in excess of the Series 2004A Reserve Account Requirement shall be withdrawn from the Series 2004A Reserve Account by the Trustee and such amount shall be deposited in the Series 2004A Revenue Fund.

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 the Trust Agreement.

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 contained in 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 in 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

(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 2004B 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 in the Trust Agreement as if fully set forth therein. This covenant shall survive payment in full or defeasance of the Series 2004B 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 the Trust Agreement, the Authority shall so instruct the Trustee under the 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 2004B 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 under the Trust Agreement shall be deemed to be modified to that extent.

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.

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 Agreements, except, prior to any Event of Default under the Trust Agreement or under the Loan Agreements, (i) the Authority's rights to receive any notices under the Trust Agreement or the Loan Agreements, (ii) the Authority's right to receive payments, if any, with respect to fees, expenses and indemnification and certain other purposes under the Loan Agreements and (iii) the Authority's rights to give approvals or consents pursuant to the Loan Agreements, 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 Agreements 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 Agreements.

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 therein 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 therein. 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 the Trust Agreement, 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.

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.

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 thereof other than in connection with the rights or obligations assigned to or imposed upon it in 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 thereunder 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 Agreements 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 regarding the Trustee.

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 thereunder, such matter (unless other evidence in respect thereof be in the Trust Agreement 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 thereunder 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 under 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

(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 Series 2004A Bonds (for amendments which only affect the Series 2004A Bonds) or the Series 2004B Bonds (for amendments which affect only the Series 2004B Bonds) or all Bonds (for amendments which affect all Bonds) then Outstanding, exclusive of Bonds disqualified as provided in the Trust Agreement, 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 thereby 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 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 therein to or conferred therein 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 in the Trust Agreement or in regard to questions arising thereunder which the Authority may deem desirable or necessary and not inconsistent therewith;

to provide for the issuance of any Bonds; or

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 the Trust Agreement, and shall not be entitled to consent to or take any other action provided in the Trust Agreement regarding Amendment of the Trust Agreement.

Amendment by Mutual Consent

The provisions of the Trust Agreement regarding Amendment of the Trust Agreement 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 any amendments or supplements to the Trust Agreement, the Bond Insurer must be given notice of any such amendments or supplements so long as the Financial Guaranty Insurance Policy is in effect. 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. 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 XL Capital Assurance Inc., 1221 Avenue of the Americas, New York, New York 10020-1001, Attention: Surveillance. 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 Financial Guaranty Insurance Policy; provided, that for purposes of the Trust Agreement, 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 Financial Guaranty Insurance Policy is in full force and effect at the time of the amendment.

Events of Default and Remedies

Events of Default and Acceleration of Maturities. If one or more of the following events (As called "events of default" in the Trust Agreement) shall happen, that is to say:

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;

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;

if default shall be made 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;

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

if an Event of Default has occurred under either of the Loan Agreements.

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 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.

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.

Application of Funds Upon Acceleration

(a) *Series 2004A Bonds.* All moneys in the accounts and funds for the Series 2004A Bonds provided in the Trust Agreement upon the date of the declaration of acceleration by the Trustee as provided in the Trust Agreement and all Series 2004A Revenues thereafter received by the Authority thereunder 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 of the Series 2004A Bonds 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 Series 2004A 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 Series 2004A 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 Series 2004A Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Series 2004A 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.

(b) *Series 2004B Bonds.* All moneys in the accounts and funds for the Series 2004B Bonds provided in the Trust Agreement upon the date of the declaration of acceleration by the Trustee as provided therein and all Series 2004B Revenues (other than Series 2004B Revenues on deposit in the Rebate Fund as defined by and pursuant to the Tax Certificate) thereafter received by the Authority under the Trust Agreement shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

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 Trust Agreement 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 under the Trust Agreement 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 the Trust Agreement regarding Events of Default and Remedies of Holders, including reasonable compensation to its accountants and counsel; and

Second, upon presentation of the several Series 2004B 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 Series 2004B 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 Series 2004B Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Series 2004B 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.

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 either of the "Events of Default and Remedies" sections of the Loan Agreements 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 in the Trust Agreement 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 thereunder.

Non-Waiver

Nothing in the "Events of Default and Remedies of Holders" section of the Trust Agreement or in any other provision thereof 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 therein 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 therein 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 the "Events of Defaults and Remedies of Holders" section of the Trust Agreement 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 thereunder, 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.

Remedies Not Exclusive

No remedy in the Trust Agreement 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 thereunder or now or thereafter 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.

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 as defined in 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 therein 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 therein provided and for the equal benefit of all Holders of the Outstanding Bonds.

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 in the Trust Agreement 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 in the Trust Agreement, and all agreements, covenants and other obligations of the Authority to the Holders of such Bonds thereunder 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 thereto 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 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.

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 Financial Guaranty 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.

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 therein 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 therein 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 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 therein. 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 thereof. 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 in the Trust Agreement 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 thereby.

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 thereof and would have authorized the issuance of the Bonds pursuant thereto 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.

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 thereunder 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 Bonds absent a default by Bond Insurer under the Financial Guaranty 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, acting alone, 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 institute any suit, action, or proceeding at law or in equity under the same terms as a Holder, (ii) the right to accelerate the principal of the Bonds as described in this Trust Agreement, and (iii) 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..

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 thereunder and may enforce any such rights, remedy or claim conferred, given or granted thereunder.

THE NON-HOUSING LOAN AGREEMENT

The Authority and the Agency will enter into the Non-Housing Loan Agreement pursuant to which the Authority loans the proceeds of the Series 2004A 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 Non-Housing Loan Agreement.

Series 2004A Non-Housing Loan Payments

(a) The Agency agrees to repay the Loan as follows:

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 product of (i) the Non-Housing Share, times (ii) the principal of (including mandatory redemption payments) and interest on the Series 2004A Bonds on such Interest Payment Date (the "Series 2004A Non-Housing Loan Payment"). The Series 2004A Non-Housing Loan Payments shall be payable from all Pledged Tax Revenues. In the event that the Pledged Tax Revenues are insufficient to pay all Series 2004A Non-Housing Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Series 2004A Non-Housing Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004A Non-Housing Loan Payments and Parity Debt Service.

(b) All Series 2004A Non-Housing Loan Payments under the Non-Housing 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 in Article III of the Non-Housing Loan Agreement.

Prohibition of Issuance of Senior Debt; Issuance of Parity Debt

So long as any portion of the Loan remains unpaid under the Non-Housing Loan Agreement or any portion of the Series 2004A Bonds remains Outstanding, the Agency covenants that it will not issue any debt or other obligation payable on parity with either (i) the obligations under the Senior Harbour Indenture or (ii) the Senior Merged Area Obligations. In addition to the Loan, the Agency may after the date of the Non-Housing 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 this section:

(a) No Event of Default under the Non-Housing 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 Non-Housing Loan Agreement.

(b) The Available Tax Revenues to be received by the Agency in the then current Fiscal Year and in each future Fiscal Year, based upon the most recent qualified assessment roll of the County, but taking into account the reductions in Available Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to sub-areas of the Project Area, shall be in an amount equal to at least one hundred forty percent (140%) of Combined Annual Debt Service.

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

(1) The Available 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.

(2) For purposes of calculating Combined 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 Non-Housing 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 Available Tax Revenues for the then current Fiscal Year will be at least equal to one hundred forty percent (140%) of Combined 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.

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.

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 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, which lien shall be subordinate only to the obligations under the Senior Harbour Indenture and the Senior Merged Area Obligations. The Pledged Tax Revenues and all amounts in the Special Fund are pledged in their entirety to the payments required by the Non-Housing 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 Non-Housing Loan Agreement is a debt of the Authority, the City, 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 in the Non-Housing Loan Agreement. Neither the Loan nor the Non-Housing 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 Non-Housing Loan Agreement are liable personally on the Loan or the Non-Housing 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 in the Non-Housing 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 pursuant to the Non-Housing 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.

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 Non-Housing 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.

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.

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 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.

Assumption of Non-Housing Loan Agreement

The obligations of the Agency under the Non-Housing 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:

(a) an opinion of counsel experienced in matters relating to the tax-exempt status of interest on any obligations secured by the Non-Housing 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;

(b) 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

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

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.

Limitation on Additional Debt

The Agency covenants that, until the Loan has been paid and discharged pursuant to the Non-Housing Loan Agreement, the Agency shall not after the date of the Non-Housing 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 Non-Housing Loan Agreement for the security of the Loan, excepting only Parity Debt Nothing in the Non-Housing 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.

Disposition of Property

The Agency will not, except as otherwise provided in the Non-Housing 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 Non-Housing 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 Non-Housing 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 Non-Housing 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.

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.

Events of Default and Acceleration of Loan

The following events shall constitute Events of Default under the Non-Housing Loan Agreement:

(a) failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the Loan pursuant to the Non-Housing Loan Agreement 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 Non-Housing 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 Non-Housing 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 Non-Housing 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 Non-Housing 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 Non-Housing Loan 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 pursuant to the Non-Housing 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 Article VII of the Non-Housing Loan Agreement or in any other provision of the Non-Housing 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 Non-Housing Loan Agreement, all payments due thereunder, 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 Non-Housing 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 Article VII of the Non-Housing 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.

Discharge of Non-Housing Loan Agreement

If the Agency shall pay and discharge the entire indebtedness under the Non-Housing 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 Non-Housing 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 Non-Housing Loan Agreement and all other obligations of the Authority and the Agency under the Non-Housing 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 Non-Housing 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 Non-Housing 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 subsection will not cause the interest on the Bonds to be includable in gross income under the Code for federal income tax purposes.

HOUSING LOAN AGREEMENT

The Authority and the Agency will enter into a Housing Loan Agreement pursuant to which the Authority loans the proceeds of the Series 2004B 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 Housing Loan Agreement.

Loan Payments

The Agency agrees to repay the Loan as follows:

(i) At least fifteen (15) days prior to each Interest Payment Date, the Agency shall transfer to the Trustee from the Housing Fund an amount equal to the product of (i) the Housing Share times (ii) an amount equal to the principal of (including mandatory redemption payments) and interest on the Series 2004A Bonds on such Interest Payment Date (the "Series 2004A Housing Loan Payment"). The Series 2004A Housing Loan Payments shall be payable from Pledged Housing Set Aside Tax Revenues deposited in or required to be deposited in the Housing Fund pursuant to the Law.

(ii) At least fifteen (15) days prior to each Interest Payment Date, the Agency shall transfer to the Trustee from the Housing Fund an amount equal to the principal of (including mandatory redemption payments) and interest on the Series 2004B Bonds on such Interest Payment Date (the "Series 2004B Loan Payment"). The Series 2004B Loan Payments shall be payable from Pledged Housing Set Aside Tax Revenues deposited in or required to be deposited in the Housing Fund pursuant to the Law.

(iii) In the event that the Pledged Housing Set Aside Tax Revenues are insufficient to pay all Series 2004A Housing Loan Payments, Series 2004B Loan Payments and Parity Debt Service, the Agency shall pay a portion of the Series 2004A Housing Loan Payments, Series 2004B Loan Payments and Parity Debt Service *pari passu* in proportion to the relative amounts of such Series 2004A Housing Loan Payments, Series 2004B Loan Payments and Parity Debt Service.

(iv) All Loan Payments under the Housing 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 in Article III of the Housing Loan Agreement.

Prepayment and Reduction in Loan Funds

The Series 2004A Housing Loan Payments shall not be subject to optional prepayment. The Series 2004B 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 , the Series 2004B Bonds, respectively, as provided in the Trust Agreement.

Prohibition on Issuance of Senior Debt; Issuance of Parity Debt

So long as any portion of the Loan remains unpaid under or any portion of the Bonds remains Outstanding, the Agency covenants that it will not issue any debt or other obligation payable on parity with the Senior Merged Area Housing Obligations. In addition to the Loan, the Agency may after the date of the Housing 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 this section:

(a) No Event of Default under the Housing 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 Housing Loan Agreement.

(b) The Available Housing Set Aside Tax Revenues to be received by the Agency in the then current Fiscal Year and in each future Fiscal Year, based upon the most recent qualified assessment roll of the County, but taking into account the reductions in Available Housing Set-Aside Tax Revenues resulting from the expiration of the Agency's authority to collect tax increment revenue under the Redevelopment Plan and the Law with respect to sub-areas of the Project Area, shall be in an amount equal to at least one hundred forty percent (140%) of Combined Annual Debt Service.

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

(1) The Available Housing Set Aside 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.

(2) For purposes of calculating Combined 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 Housing 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 Available Housing Set Aside Tax Revenues for the then current Fiscal Year will be at least equal to one hundred forty percent (140%) of Combined 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.

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.

Pledge of Pledged Housing Set Aside Tax Revenues and Housing Fund

The Loan and all Parity Debt shall be equally and ratably secured by a pledge of and lien on all of the Pledged Housing Set Aside Tax Revenues and all amounts in the Housing Fund (except amounts required to pay the Senior Merged Area Housing Obligations), without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery, which lien shall be subordinate only to the Senior Merged Area Housing Obligations. The Pledged Housing Set Aside Tax Revenues and all amounts in the Housing Fund (except amounts required to pay the Senior Merged Area Housing Obligations) are pledged in their entirety to the payments required by the Housing Loan Agreement. The Pledged Housing Set Aside Tax Revenues and all amounts in the Housing 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 Housing Loan Agreement is a debt of the Authority, the City, 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 Housing Set Aside Tax Revenues of the Agency and amounts in the Housing Fund as provided in the Housing Loan Agreement. Neither the Loan nor the Housing 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 Housing Loan Agreement are liable personally on the Loan or the Housing Loan Agreement.

Housing Fund; Deposits

In order to carry out its obligation to repay the Loan, the Agency agrees and covenants that it shall establish and maintain the Housing Fund. In each Fiscal Year, the Agency shall deposit in trust in the Housing Fund all Pledged Housing Set Aside Tax Revenues The Housing Fund is pledged and a security interest granted therein and all money on deposit in the Housing Fund shall be applied and used only as provided in the Housing Loan Agreement. After making all the set asides and payments required to be made pursuant to the Housing Loan Agreement in each Fiscal Year, the Agency may expend in such Fiscal Year any remaining money in the Housing Fund for any lawful purpose of the Agency. The Agency agrees and covenants to maintain the Housing Fund so long as the Loan remains unpaid.

Pledged Funds; Limited Obligation

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

Pledge and Lien

The pledge of the Pledged Housing Set Aside Tax Revenues and amounts in the Housing Fund constitute a valid pledge of and a lien on all of the Pledged Housing Set Aside Tax Revenues and amounts in the Housing Fund to secure this Loan and all Parity Debt, which lien shall be subordinate only to the Senior Merged Area Housing Debt.

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 Housing Set Aside 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 Housing Loan Agreement 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.

Assumption of Housing Loan Agreement

The obligations of the Agency under the Housing 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:

(a) an opinion of counsel experienced in matters relating to the tax-exempt status of interest on any obligations secured by the Housing 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;

(b) 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

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

Cumulative Tax Revenue Limit

The Agency covenants that it will not accept Pledged Housing Set Aside 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.

Limitation on Additional Debt

The Agency covenants that, until the Loan has been paid and discharged pursuant to the Housing Loan Agreement, the Agency shall not after the date of the Housing 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 Housing Set Aside Tax Revenues that is superior to or on a parity with the lien established under Housing Loan Agreement for the security of the Loan, excepting only Parity Debt Nothing in the Housing 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.

Disposition of Property

The Agency will not, except as otherwise provided in the Housing 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 Housing 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 Housing 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 Housing 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 Housing Set Aside 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 Housing Set Aside 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 Housing Fund, so long as this Loan remains unpaid, an amount equal to the amount that would have been received by the Agency as Pledged Housing Set Aside 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 Housing 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.

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 Housing Set Aside Tax Revenues will not be materially reduced by such proposed amendment, the Agency may undertake such amendment. If the Report concludes that Pledged Housing Set Aside 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 Housing Set Aside Tax Revenues in excess of 5% shall be deemed material.

Events of Default and Acceleration of Loan

The following events shall constitute Events of Default under the Housing Loan Agreement:

(a) failure by the Agency to pay the principal of or interest or prepayment premium (if any) on the Loan pursuant to the Housing Loan Agreement 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 Housing 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 Housing 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 Housing 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.

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 October 1, 2004, 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 $15,000,000 aggregate principal amount of Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and its $2,000,000 aggregate principal amount of Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and, together with the Series 2004A Bonds, the "Bonds"). The Bonds are being issued pursuant to Resolution No. 04-__ of the Authority and Resolution No. 04-__ of the Agency, each adopted September 28, 2004, and a Trust Agreement, dated as of October 1, 2004 (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 Agreements, dated as of October 1, 2004 (the "Loan Agreements"), 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 2003-04 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 basic 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 October 15, 2004, relating to the Bonds):

(a) Basic 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 basic 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 basic 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 – Merged Project Area;

3. Table 2 - Ten Major Property Tax Assessees – Merged Project Area;

4. Table 3 - Projection of Incremental Tax Revenue – Merged Project Area; and

5. Table 5 and 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 1401 Marina Way South Richmond, California 94804 Attention: Executive Director Fax: (510) 231-3047
	(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 2004A (Taxable) and
Housing Set-Aside Tax Allocation Revenue Bonds,
Series 2004B (Tax-Exempt)

Date of Issuance: October __, 2004

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 October 1, 2004 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
1401 Marina Way South
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 2004A (Taxable) and
Housing Set-Aside Tax Allocation Revenue Bonds,
Series 2004B (Tax-Exempt)
(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 $15,000,000 aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Tax-Exempt) (the "Series 2004A Bonds") and $2,000,000 aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and, together with the Series 2004A 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 October 1, 2004 (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 October 1, 2004 (the "Non-Housing Loan Agreement"), by and between the Authority and the Richmond Redevelopment Agency (the "Agency"), a Loan Agreement, dated as of October 1, 2004 (the "Housing Loan Agreement" and, together with the Non-Hosing Loan Agreement, the "Loan Agreements"), by and between the Authority and the Agency and the Trust Agreement were approved by Resolution No. 04-__ of the Authority adopted on September 28, 2004. 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 Agreements, 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 Agreements, 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 Agreements 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 2004A 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 Agreements 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 Agreements have been duly adopted by, and constitute, valid and binding obligations of, the Authority and the Agency. The Non-Housing Loan Agreement creates a 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. The Housing Loan Agreement creates a valid pledge of the Pledged Housing Set Aside 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 2004B 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 2004B 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

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX F

XL CAPITAL ASSURANCE

1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 478-3400

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [ ]

Policy No: [ ]

BONDS: [ ]

Effective Date: [ ]

XL Capital Assurance Inc. (XLCA), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy (which includes each endorsement attached hereto), hereby agrees unconditionally and irrevocably to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the benefit of the Owners of the Bonds or, at the election of XLCA, to each Owner, that portion of the principal and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment.

XLCA will pay such amounts to or for the benefit of the Owners on the later of the day on which such principal and interest becomes Due for Payment or one (1) Business Day following the Business Day on which XLCA shall have received Notice of Nonpayment (provided that Notice will be deemed received on a given Business Day if it is received prior to 10:00 a.m. Pacific time on such Business Day; otherwise it will be deemed received on the next Business Day), but only upon receipt by XLCA, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in XLCA. Upon such disbursement, XLCA shall become the owner of the Bond, any appurtenant coupon to the Bond or the right to receipt of payment of principal and interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by XLCA hereunder. Payment by XLCA to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of XLCA under this Policy.

In the event the Trustee or Paying Agent has notice that any payment of principal or interest on a Bond which has become Due for Payment and which is made to an Owner by or on behalf of the Issuer of the Bonds has been recovered from the 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, such Owner will be entitled to payment from XLCA to the extent of such recovery if sufficient funds are not otherwise available.

The following terms shall have the meanings specified for all purposes of this Policy, except to the extent such terms are expressly modified by an endorsement to this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of California, the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity, unless XLCA shall elect, in its sole discretion, to pay such principal due upon such acceleration; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or Paying Agent for payment in full of all principal and interest on the Bonds which are Due for Payment. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to XLCA which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

XLCA may, by giving written notice to the Trustee and the Paying Agent, appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy. From and after the date of receipt by the Trustee and the Paying Agent of such notice, which shall specify the name and notice address of the Insurer's Fiscal Agent, (a) copies of all notices required to be delivered to XLCA pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to XCLA and shall not be deemed received until received by both and (b) all payments required to be made by XLCA under this Policy may be made directly by XLCA or by the Insurer's Fiscal Agent on behalf of XLCA. The Insurer's Fiscal Agent is the agent of XLCA only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of XLCA to deposit or cause to be deposited sufficient funds to make payments due hereunder.

Except to the extent expressly modified by an endorsement hereto, (a) this Policy is non-cancelable by XLCA, and (b) the Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of XLCA, nor against any risk other than Nonpayment. This Policy sets forth the full undertaking of XLCA and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto.

IN THE EVENT THAT XLCA WERE TO BECOME INSOLVENT, ANY CLAIMS ARISING UNDER THIS POLICY ARE NOT COVERED BY THE CALIFORNIA GUARANTY INSURANCE FUND SPECIFIED IN ARTICLE 12119(b) OF THE CALIFORNIA INSURANCE CODE.

In witness whereof, XLCA has caused this Policy to be executed on its behalf by its duly authorized officers.

SPECIMEN
Name:
Title:

SPECIMEN
Name:
Title:

SPECIMEN

APPENDIX G

FISCAL CONSULTANT REPORT

(THIS PAGE INTENTIONALLY LEFT BLANK)

FA FRASER & ASSOCIATES

Redevelopment and Financial Consulting

225 Holmfirth Court
Roseville CA 95661

Phone: (916) 791-8958
FAX: (916) 791-9234

FISCAL CONSULTANT REPORT

Richmond Redevelopment Agency

Merged Project Area

September 2004

(THIS PAGE INTENTIONALLY LEFT BLANK)

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 two Loan Agreements (Loans) 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 Non-Housing Loan. The Housing Loan will be repaid from the housing set-aside revenues of the Project Area.

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 Loans. 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) 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 2003-04 fiscal year, it is estimated that the Agency has received $129.2 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 August 2004 the Agency had approximately $79.6 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.

Legislation approved in 2001 (SB 211) allowed 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 Agency removed the debt incurrence limit for certain Constituent Project Areas in September 2003, as shown in the table below. The required amount of AB 1290 pass through payments was 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.

The Agency is also in the process of amending the Redevelopment Plan as authorized by SB 1045. SB 1045 was approved during the last legislative session and requires redevelopment agencies to shift funds to the Educational Revenue Augmentation Fund (ERAF). As part of the legislation, redevelopment agencies can amend certain of their redevelopment plans to extend the plan effectiveness and tax increment receipt dates by one year. The time limits for Plan Effectiveness and Debt Repayment assume the SB 1045 amendments will be approved.

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	Deleted	1/1/2010	1/1/2020
1C Potrero	Residential	150	4/4/1960	Deleted	1/1/2010	1/1/2020
3A Galvin	Industrial	95	2/28/1955	Deleted	1/1/2010	1/1/2020
6A Harbor Gate (Original)	Industrial	118	11/8/1954	Deleted	1/1/2010	1/1/2020
8A Hensley (Original)	Industrial	90.5	5/29/1960	Deleted	1/1/2010	1/1/2020
8A Hensley (1980 Area)	Industrial	23.5	3/31/1980	Deleted	3/31/2021	3/31/2031
10A Downtown	Comm.	107	5/23/1966	Deleted	1/1/2010	1/1/2020
10B Nevin	Residential	17	9/18/1972	Deleted	9/18/2013	9/18/2023
12A North Richmond	Comm.	19	9/18/1972	Deleted	9/18/2013	9/18/2023
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	Deleted	6/9/2016	6/9/2026

For purposes of the Authority's 2000 and 2003 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. As a result, information in this report is presented in three ways:

1. The Entire Merged Project Area;
2. The Pre-2004 Limit Areas; and
3. The Post-2004 Limit Areas

Shown below are land uses by taxable value as of 2004-05 for the Pre-2004 Areas and the Post-2004 Areas.

LAND USE CATEGORY SUMMARY 2004-05

	Pre-2004 Limit Area			Post-2004 Limit Area		
	Parcels	Taxable Value	Percent of Total	Parcels	Taxable Value	Percent of Total
Residential	1,286	167,926,148	39.29%	1,462	425,433,188	35.73%
Commercial	40	25,678,383	6.01%	385	153,503,195	12.89%
Industrial	44	168,198,869	39.35%	204	388,321,494	32.61%
Vacant Land	47	2,618,879	0.61%	325	50,673,241	4.26%
Other	48	31,008,739	7.26%	142	38,358,337	3.22%
Total Secured	1,465	395,431,018	92.52%	2,518	1,056,289,455	88.70%
Unsecured / State Assessed		31,966,155	7.48%		134,545,796	11.30%
Grand Total		**427,397,173**	**100.00%**		**1,190,835,251**	**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 1.0 shows the historical taxable values for the Merged Project Area over the past five years. Taxable values have increased from $1.2 billion in 2000-01 to $1.6 billion in 2004-05. The total percentage change was 34.59 percent over the five-year period. The average annual percentage change in values was 7.71 percent.

Table 1.1 shows the historical taxable values for the Pre-2004 Limit Areas over the past five years. Taxable values have increased from $306.7 million in 2000-01 to $427.4 million in 2004-05. The total percentage change was 39.35 percent over the five-year period. The average annual percentage change in values was 8.65 percent.

Secured taxable values for the Pre-2004 Limit Areas increased by approximately $97.8 million between 2000-01 and 2004-05. Changes of ownership were the biggest contributor to growth during this period, adding approximately $27 million in new value. New development also added approximately $26 million. The major new development activity was the transfer of land and the start of construction for 132 housing units as part of the Olson Transit Village, which added $10.5 million in value. The completion and sale of the units is expected to further increase future taxable values, as described further in Section F of this Report. The balance of growth can be attributed to the allowable 2 percent inflation factor, other new investment activity, and numerous changes of ownership.

Unsecured values for the Pre-2004 Limit Areas increased by approximately $22.9 million since 2000-01. Of this amount, $18.9 million is attributable to Kaiser Foundation Hospitals. Most of the other taxable value for Kaiser is currently on the secured roll and is largely exempt from taxation. Based on discussions with the County Assessor's Office, approximately $9.0 million of the unsecured assessment for 2004-05 represents construction in progress, and such amounts may become tax exempt upon completion. For purposes of the tax increment projections in Section F, we have reduced taxable values for the Pre-2004 Limit Areas by $9.0 in 2005-06 to account for the possible increase in exemptions.

Table 1.2 shows the historical taxable values for the Post-2004 Limit Areas over the past five years. Taxable values have increased from $895.6 million in 2000-01 to $1.191

billion in 2004-05. The total percentage change was 32.96 percent over the five-year period. The average annual percentage change in values was 7.38 percent.

Between 2000-01 and 2004-05, secured taxable values for the Post-2004 Limit Areas have increased by $264.9 million. Most of this value increase occurred in the Harbour 11A Constituent Project Area, where secured values have increased by $176.2 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 ($18.7 million). In addition, one significant transfer of ownership further increased value by approximately $14.7 million in the Harbour 11A Project. The growth in secured values for Project 11A was offset by the reduction of value in 2004-05 for the Dicon Office Campus. The County reduced the value of the Dicon property by $10.8 million pursuant to Proposition 8 appeals. Other appeals filed by Dicon remain outstanding, as discussed in Section E.

In 2002-03, the assessed value for the Harbor Gate 6A Project (1995 Amendment) had fallen below the base year value for the Project. The Project declined in value in 2002-03 by $42 million. All of this value decline was 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 in 2002 to Cherokee Simeon Venture and caused an increase in value of approximately $20 million in 2003-04. Project 6A is now above the base year value by approximately $7.2 million in 2004-05.

The 2000 Amendment Areas also showed an increase in secured values by approximately $88.7 million between 2000-01 and 2004-05. Changes of ownership added over $33 million of the value increase. New development activity also added approximately $7.2 million in new value. The balance of growth can be attributed to the allowable 2 percent inflation factor, other new investment activity, and numerous small changes of ownership. Growth was offset by a reduction in value for a base year appeal filed by Boulder Bridge Development Company. The Company had purchased the site of a closed Target Store, and the County initially enrolled a value of $14.8 million based on the transfer. Upon further review, the County Assessor determined the value was too high and reduced it by $8.7 million on the 2004-05 tax roll. It is our understanding that the Agency is working with Boulder Bridge Development Company to redevelop the site.

Unsecured values for the Post 2004 Limit Areas increased from $100.7 million in 2000-01 to $131.2 million in 2004-05. Most of this increase is attributable to the addition of personal property value for Foss Maritime Company in the amount of $19.6 million in Project 11A.

A parcel verification was not performed as part of our analysis of taxable values.

Historical Tax Increment Revenues

Tables 1.0 through 1.2 provide information on the historical receipt of tax increment revenues in the Merged Project Area. 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 1.0, actual receipts of tax increment have been between 98.92 percent and 100.85 percent of the levy in the past four fiscal years for the Merged Project Area. On average, the Agency has received approximately 99.91 percent of the levy over the past four years for the Merged Project Area. Similar receipts to levy ratios were noted for the Pre-2004 Limit Areas shown on Table 1.1 and for the Post-2004 Limit Areas shown on Table 1.2.

Supplemental property tax receipts are also shown on Table 1.0. 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 $411,842 in 2000-01 to $857,864 in 2002-03. When supplemental revenues are included, the Merged Project Area has received, on average, 104.96 percent of the levy.

Top Ten Assessees

The Top Ten Assessees in the Project Area are summarized on Tables 2.0 through 2.2. Taxable value for the Top Ten Assessees represents 20.34 percent of the overall value of the entire Merged Project Area and 27.61 percent of the incremental value of the Merged Project Area. This includes $18.7 million in unsecured value for Kaiser Foundation Hospital. Of this amount, it is anticipated that $9.0 million of this value may be tax exempt in 2005-06.

For the Pre-2004 Limit Areas, the Top Ten represents 38.64 percent of the overall value of the Pre-2004 Limit Areas, and 42.68 percent of the incremental value. For the Post-2004 Limit Area, the Top Ten represents 26.86 percent of the overall value of the Post-2004 Limit Areas, and 39.73 percent of the incremental value.

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 recently resolved and open appeals in the Merged Project Area, as shown on the table below.

	Resolved Appeals			
Assessee	Current Roll Value	Applicants Value Opinion	Resolved Value	Value Reduction
Post 2004 Areas				
Catellus Development	15,729,830	10,597,135	14,484,600	1,245,230
Target Corporation	916,802	300,000	600,000	316,802
Total - Resolved	**16,646,632**	**10,897,135**	**15,084,600**	**1,562,032**

	Open Appeals			
Assessee	Current Roll Value	Applicants Value Opinion	Estimated Resolved (1) Value	Value Reduction
Pre-2004 Areas				
Hearst Corporation	27,672,747	6,850,000	22,968,380	4,704,367
Post 2004 Areas				
Bank of America Corporation	1,020,455	405,911	846,978	173,477
Berthoud, Philippe & Mary Ann	421,000	388,000	349,430	71,570
BP West Coast Products	26,264,714	7,183,076	21,799,713	4,465,001
Carr, Don & Lonne	6,295,133	4,227,272	5,224,960	1,070,173
Dicon Fiberoptics Inc.	62,567,458	20,641,000	51,930,990	10,636,468
FMC Corporation (Food Machinery Corp)	2,389,542	499,000	1,983,320	406,222
Quality Carriers, Inc.	2,805,416	800,000	2,328,495	476,921
Vital Properties LLC	1,168,002	750,000	969,442	198,560
Total - Post 2004 Areas	**102,931,720**	**34,894,259**	**85,433,328**	**17,498,392**

(1) Estimated at 17 percent reduction.

There were two recently resolved appeals that will result in value reductions of $1.6 million in 2005-06 for the Post 2004 Areas, as shown above. There are also open appeals for eight property owners, including three owners that are included in the 2004-05 Top

Ten Assessees list (Hearst Corporation; BP West Coast Products and Dicon Fiberoptics). In total, the owners have requested reductions in value of $88.0 million. For purposes of the projections shown in Section F, we have estimated the potential impact of the open appeals based on success factor ratios since 2001 in the Project Area. Over this time period, 37 appeals have been resolved. Thirty of these were either denied by the County or withdrawn by the property owner. Seven property owners were successful with their appeals. On average, reductions in value equated 17 percent for all appeals that were filed. Based on the success ratio, we have assumed a 17 percent decrease in value for the open appeals. This would result in a reduction in future taxable values in the Pre-2004 Limit Areas of $4.7 million and a reduction in the Post-2004 Limit Areas of $17.5 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 2005-06 fiscal year.

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 (2004-05) tax increment revenues are shown on Tables 3.0 through 3.2. The values utilized are based on actual taxable values provided by Contra Costa County. It should be noted that Projects 3-A and 6-A are not eligible to receive tax increment revenue from either secured personal property or any type of unsecured value. As a result, the values reported by the County for the Pre-2004 Limit Areas exclude $37.0 million in secured personal property and unsecured value attributable to these two Constituent Project Areas.

Tax increment generated from the application of the tax rate to incremental taxable value for 2004-2005 is estimated at $13,590,000 in the Merged Project Area. Of this, $4,411,000 is estimated to be generated from the Pre-2004 Limit Areas and $9,179,000 is projected to be generated from 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 2004-05 are based on the actual tax rates reported by the County for 2003-04. The overall tax rate that we applied to total incremental taxable value equals $1.1400 per $100 of assessed value. The debt service tax rate is levied for pension obligations of the City of Richmond.

Unitary revenue for the Merged Project Area is estimated to equal $86,000 for the 2004-05 fiscal year. Unitary revenue is estimated at $57,000 in the Pre-2004 Limit Areas and at $29,000 in the Post-2004 Limit Areas. The estimates are based on the County's actual allocation of unitary revenues in each of the Constituent Project Areas for 2003-04, reduced by approximately $33,000 due to an apparent error in the County's calculation of unitary revenue.

Projected Revenues

Tables 4.0 through 4.2 provide a projection of tax increment revenues. 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 2004-05 (see "Current Year Revenues" above). For 2005-06 and future fiscal years, we have used a 1.867 percent factor for the entire Merged Project Area. That reflects the factor which assessors have been directed to use by the SBE in preparing the 2004-05 tax roll. The maximum inflation factor is 2 percent per year. The other property category of value has been held constant in the projections.

The future level of taxable value and tax increment has also been increased for one new development that is currently under construction in the Pre-2004 Limit Area. The Transit Village development includes a total of 132 housing units that are at various stages of completion. Three of the units are fully on the tax roll for 2004-05. Of the balance of the units, 49 have been completed and sold. An additional 80 units are under construction and will be finished by the end of December 2004. We have added taxable value for the development to the 2005-06 and 2006-07 tax roll.

Increases in real property values have been offset by the estimated impact of recently resolved and open assessment appeals. Appeals are estimated to reduce real property values by $4.7 million in the Pre-2004 Limit Area and by $19.1 million in the Post-2004 Limit Areas. Reductions have been reflected for 2005-06 in the projections. We have

also reduced taxable values by $9.0 million for property owned by Kaiser Hospital in the Pre-2004 Limit Area that is assumed to be exempt from taxation in 2005-06.

Tax increment has been estimated based on the application of the 2003-04 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. Debt service tax rates are based on the rate levied for pension obligations for the City of Richmond, which equals $0.1400 per $100 of assessed value. That debt service tax rate is levied pursuant to Article XI of the City's Charter and Ordinance No. 9-99 adopted by the City Council on March 30, 1999. The levy of the tax rate does not have a specific ending date. 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 City also issued Pension Bonds in 1999 that are secured by the Pension tax rate. The City is required pursuant to the Trust Agreement to levy the tax rate through the final maturity of the Pension Bonds in August 2029.

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 Tables 4.0 through 4.2 do not include post January 1, 1989 tax rates.

Unitary revenues shown in the projection are based on the actual 2003-04 unitary revenues received for the Merged Project Areas, as provided by Contra Costa County. As previously stated, we have reduced that amount by approximately $33,000 due to a calculation error in the amount reported by the County. Unitary revenues have been held constant in the projection.

Section G – Adjustments and Liens on Tax Increment

The tax increment revenues of the Merged Project Area are subject to certain adjustments and liens, as described in this section. The resulting amount reflects the Available Tax Revenues, as defined in the Non-Housing Loan Agreement.

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 Tables 4.0 through 4.2.

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 to repay the Non-Housing Loan.

Tax Sharing Payments

Pursuant to 1994 legislation (AB 1290), the Agency is required to make payments to the affected taxing entities from the Merged Project Area. The payments are calculated somewhat differently for the parts of the Merged Project Area that were adopted prior to AB 1290 (Pre-AB 1290) and the areas that were added after AB 1290 (6A Harbour Gate 1995 Area and the 2000 Amendment Areas).

The payments for the Pre-AB 1290 Constituent Project Areas are required because the financial and time limitations for the various Redevelopment Plans have been amended since AB 1290 was enacted. Payments of the pass through payments are only due on increases in tax increment revenues above levels received in certain years. These years are referred to as the "AB 1290 AV Base Year" and are different for the various Constituent Project Areas.

The table below shows, for each Pre-AB 1290 Constituent Project Area, the dates when AB 1290 pass through payments have or will begin. The table also shows the AB 1290 AV Base Year, which represents the date after which the Agency owes pass through payments on any tax increment increases.

Constituent Project Area	AB 1290 AV Base	FY Pass Thru Begins
Pre-2004 Limit Areas		
1A Eastshore	1990-91	1999-00
1C Potrero	1999-00	2000-01
3A Galvin	1991-92	1999-00
6A Harbor Gate (Original)	1990-91	1995-96
8A Hensley (Original)	1993-94	1999-00
8A Hensley (1980 Area)	1993-94	1999-00
10A Downtown	2003-04	2004-05
10B Nevin	2002-03	2003-04
12A North Richmond	2002-03	2003-04
Post-2004 Limit Areas		
11 A Harbour	2003-04	2004-05

For the 1995 Harbour Gate Area and the 2000 Amendment Areas, pass through payments are due based on the total tax increment generated in those areas. The pass through payments for all Projects 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.

Tier	Payment Required
Tier 1	Pre-AB 1290 Projects: 20% of the gross tax increment attributable to increases above the AB 1290 AV Base assessed values during the remaining term the Agency receives tax increment. Post-AB 1290 Projects: 20% of total tax increment during the entire term the Agency receives tax increment.
Tier 2	Pre-AB 1290 Projects: Beginning in the 11th year after the AB 1290 AV Base is reached, an additional payment equal to 16.8% of the gross tax increment attributable to growth above levels in year 10. Post-AB 1290 Projects: Beginning in the 11th year, an additional payment equal to 16.8% of the tax increment attributable to growth above year 10 levels.
Tier 3	Pre-AB 1290 Projects: No Tier 3 payments are due since the Project Areas will no longer be receiving tax increment in the year in which this tier is triggered. Post-AB 1290 Projects: Beginning in the 31st year, an additional payment equal to 11.2% of the tax increment attributable to growth above year 30 levels.

We have noted a number of inconsistencies in the County's calculation of the AB 1290 pass through payments, including:

1. The County does not include any tax increment generated from debt service tax rates in the tax sharing payment amount.
2. Pass through payments were triggered for Projects 10B and 12B in 2002-03, but the County is not including them in the calculation.
3. Tier 2 payments should have begun for Project 1A, 3A and 6A in 2001-02, but were not included in the County's calculation.

The County method understated tax sharing payments by approximately $68,000 for 2003-04. For purposes of the tax sharing payment amounts shown on Tables 4.0 through

4.2, we have corrected for each of these problems and shown the amounts that we estimate are owed.

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.

Senior Merged Area Debt Service

The pledge of tax increment revenues under the Non-Housing Loan Agreement are subordinate to the Senior Merged Area Debt Service. The Senior Merged Area Debt Service includes payments due under the Agency's 2003 Loan Agreement and the Pre-2004 Loan Agreement. However, coverage is calculated on the basis of Available Tax Revenues, which includes the Senior Merged Area Debt Service, so we have not reduced the tax increment revenues shown on Tables 4.0 through 4.2 or 5.0 through 5.2 for the Senior Merged Area Debt Service.

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 required redevelopment agencies to shift $75 million of tax increment revenues to the Educational Revenue Augmentation Fund (ERAF) in 2002-03. The shift to ERAF offset the need for a similar amount of state aid to education. AB 1768 required that the shift be made for the 2002-03 fiscal year only and 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. The ERAF contribution for 2002-03 was $360,210 for the Project Area.

Due to continuing state budget problems, legislation was approved (SB 1045), which required an ERAF shift of $135 million for 2003-04. The legislation required that half of the shift be calculated on the basis of the 2001-02 gross tax increment of a project area and the other half on net revenues after tax sharing payments. The ERAF contribution for 2003-04 was $635,637.

The 2004-05 State budget includes a requirement that the ERAF shift would continue for two additional fiscal years at a statewide amount of $250 million annually. We estimate ERAF payments from the Project Area would equal approximately $1.2 million annually for 2004-05 and 2005-06.

It is our understanding that the ERAF obligation is subordinate to the Bonds, so we have not reduced the amount of tax increment shown on Tables 4.0 through 4.2 for such amounts.

Table 1.0
Richmond Redevelopment Agency
Merged Project Area

Historical Taxable Values and Tax Increment Revenues
Combined Project Area (1)

Description	2000/01	2001/02	% Change	2002/03	% Change	2003/04	% Change	(2) 2004/05	% Change
Secured	1,089,057,719	1,195,306,251	9.76%	1,291,592,180	8.06%	1,385,790,906	7.29%	1,451,720,473	4.76%
Utility Roll	3,468,123	3,593,611	3.62%	3,421,975	-4.78%	5,995,261	75.20%	3,279,581	-45.30%
Unsecured	109,817,153	123,584,589	12.54%	118,004,091	-4.52%	128,938,843	9.27%	163,232,370	26.60%
TOTAL VALUE	1,202,342,995	1,322,484,451	9.99%	1,413,018,246	6.85%	1,520,725,010	7.62%	1,618,232,424	6.41%
Base Year Value	426,143,038	426,143,038		426,143,038		426,143,038		426,143,038	
Incremental Value	776,199,957	896,341,413		986,875,208		1,094,581,972		1,192,089,386	
Tax Increment Levy	8,900,370	10,283,753		11,613,183		12,541,764		N/A	
Unitary Revenue	106,481	100,701		114,595		119,645		N/A	
Less Pass Through	0	(15,038)		(178,245)		(239,420)		N/A	
Less Admin Fee	(93,781)	(99,968)		(126,128)		(113,439)		N/A	
TOTAL LEVY	$8,913,071	$10,269,448		$11,423,405		$12,308,550		N/A	
Actual Receipts, less Supplemental Revenue	8,989,158	10,158,845		11,426,222		12,301,423		N/A	
PERCENTAGE OF LEVY	100.85%	98.92%		100.02%		99.94%		N/A	
Supplemental Revenues	411,842	456,913		857,864		441,053		N/A	
TOTAL RECEIPTS	9,401,000	10,615,758		12,284,086		12,742,476		N/A	
PERCENTAGE OF LEVY	105.47%	103.37%		107.53%		103.53%		N/A	

Total Percentage Assessed Value Change	34.59%
Average Percentage Assessed Value Change	7.71%
Average Receipts as a Percentage of Levy without Supplementals	99.91%
Average Receipts as a Percentage of Levy With Supplementals	104.96%

(1) Includes the entire Merged Project Area.
(2) The County will not report the levy amount due for 2004/05 for the Merged Project until about October 2004.

Table 1.1
Richmond Redevelopment Agency
Merged Project Area

Historical Taxable Values and Tax Increment Revenues
Pre-2004 Limit Areas (1)

Description	2000/01	2001/02	% Change	2002/03	% Change	2003/04	% Change	2004/05 (2)	% Change
Secured	297,639,232	320,928,863	7.82%	$338,971,369	5.62%	$364,125,698	7.42%	$395,431,018	8.60%
Utility Roll	0	0	0.00%	0	0.00%	0	0.00%	5,568	0.00%
Unsecured	9,074,062	12,152,631	33.93%	14,377,827	18.31%	17,025,850	18.42%	31,960,587	87.72%
TOTAL VALUE	306,713,294	333,081,494	8.60%	353,349,196	6.08%	381,151,548	7.87%	427,397,173	12.13%
Base Year Value	40,459,440	40,459,440		40,459,440		40,459,440		40,459,440	
Incremental Value	266,253,854	292,622,054		312,889,756		340,692,108		386,937,733	
Tax Increment Levy	$3,053,352	$3,357,734		$3,588,126		$3,904,114		N/A	
Unitary Revenue	$57,206	$52,869		$54,720		$57,259		N/A	
Less Pass Through	$0	($3,000)		($55,047)		($62,143)		N/A	
Less Admin Fee	($33,405)	($33,483)		($39,222)		($35,513)		N/A	
TOTAL LEVY	$3,077,153	$3,374,119		$3,548,578		$3,863,717		N/A	
Actual Receipts, less Supplemental Revenue	$3,126,741	$3,351,641		$3,551,052		$3,858,445		N/A	
PERCENTAGE OF LEVY	101.61%	99.33%		100.07%		99.86%		N/A	
Supplemental Revenues	$75,614	$106,124		$124,755		$105,524		N/A	
TOTAL RECEIPTS	3,202,355	3,457,765		3,675,807		3,963,968		N/A	
PERCENTAGE OF LEVY	104.07%	102.48%		103.59%		102.59%		N/A	

Total Percentage Assessed Value Change	39.35%
Average Percentage Assessed Value Change	8.65%
Average Receipts as a Percentage of Levy Without Supplementals	100.18%
Average Receipts as a Percentage of Levy With Supplementals	103.15%

(1) Includes the following areas: Projects 1-A, 1-C, 3-A, 6-A (original area), 8-A (original and addition), 10-A, 10-B and 12-A.
(2) The tax increment levy is not available from the County.

Table 1.2
Richmond Redevelopment Agency
Merged Project Area

Historical Taxable Values and Tax Increment Revenues
Post- 2004 Limit Areas (1)

Description	2000/01	2001/02	% Change	2002/03	% Change	2003/04	% Change	2004/05(2)	% Change
Secured	$791,418,487	$874,377,388	10.48%	$952,620,811	8.95%	$1,021,665,208	7.25%	$1,056,289,455	3.39%
Utility Roll	3,468,123	3,593,611	3.62%	3,421,975	-4.78%	5,995,261	75.20%	3,274,013	-45.39%
Unsecured	100,743,091	111,431,958	10.61%	103,626,264	-7.00%	111,912,993	8.00%	131,271,783	17.30%
TOTAL VALUE	895,629,701	989,402,957	10.47%	1,059,669,050	7.10%	1,139,573,462	7.54%	1,190,835,251	4.50%
Base Year Value	385,683,598	385,683,598		385,683,598		385,683,598		385,683,598	
Incremental Value	509,946,103	603,719,359		673,985,452		753,889,864		805,151,653	
Tax Increment Levy	5,847,019	6,926,019		8,025,057		8,637,650		N/A	
Unitary Revenue	49,275	47,832		59,875		62,386		N/A	
Less Pass Through	0	(12,038)		(123,198)		(177,277)		N/A	
Less Admin Fee	(60,376)	(66,485)		(86,906)		(77,926)		N/A	
TOTAL LEVY	$5,835,917	$6,895,328		$7,874,827		$8,444,833		N/A	
Actual Receipts, less Supplemental Revenue	5,862,417	6,807,204		7,875,170		8,442,978		N/A	
PERCENTAGE OF LEVY	100.45%	98.72%		100.00%		99.98%		N/A	
Supplemental Revenues	336,228	350,789		733,109		335,529		N/A	
TOTAL RECEIPTS	6,198,645	7,157,993		8,608,279		8,778,508		N/A	
PERCENTAGE OF LEVY	106.22%	103.81%		109.31%		103.95%		N/A	

Total Percentage Assessed Value Change	32.96%
Average Percentage Assessed Value Change	7.38%
Average Receipts as a Percentage of Levy Without Supplementals	99.78%
Average Receipts as a Percentage of Levy With Supplementals	105.83%

(1) Includes Project 6A (1995 Area), Project 11-A and the 2000 Amendment Areas.
(2) The County will not report the levy amount due for 2004/05 for the Merged Project until about October 2004.

Table 2.0
Richmond Redevelopment Agency
Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES
COMBINED PROJECT AREA

Assessee	Type of Use	Secured	Unsecured	2004-05 Taxable Value (1)	% of Total Value (2)	% of Inc Value (2)
Dicon Fiberoptics Inc. (3)	Industrial	$62,567,458	$0	$62,567,458	3.87%	5.25%
Security Capital Pacific Trust	Residential	45,617,331	0	45,617,331	2.82%	3.83%
Cherokee Simeon Venture I LLC	Commercial	42,958,007	0	42,958,007	2.65%	3.60%
BP West Coast Products (3)	Industrial	26,437,677	1,513,477	27,951,154	1.73%	2.34%
The Hearst Corporation (3)	Newspaper	27,672,747	0	27,672,747	1.71%	2.32%
California Fats & Oils Inc.	Industrial	27,431,138	0	27,431,138	1.70%	2.30%
Rafanelli & Namas LP	Residential	24,162,985	0	24,162,985	1.49%	2.03%
Richmond Marina Shores II	Residential	24,041,762	0	24,041,762	1.49%	2.02%
Kaiser Foundation Hospital (4)	Hospital	4,869,071	18,668,437	23,537,508	1.45%	1.97%
Tosco Corporation	Industrial	23,187,761	20,397	23,208,158	1.43%	1.95%
Total Valuation		**$308,945,937**	**$20,202,311**	**$329,148,248**	**20.34%**	**27.61%**

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2004-05 Project Area taxable value of $1,618,232,424 and incremental value of $1,192,089,386.
(3) Each of these property owners have outstanding appeals.
(4) Approximately $9.0 million of the value that is shown is expected to be tax exempt in 2005-06.

Source: Contra Costa County Assessor Records

Table 2.1
Richmond Redevelopment Agency
Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES
PRE 2004 LIMIT AREAS

Assessee	Type of Use	Secured	Unsecured	Total 2004-05 Taxable Value (1)	%of Total Value (2)	%of Inc Value (2)
The Hearst Corporation	Newspaper	$27,672,747	$0	$27,672,747	6.47%	7.15%
Kaiser Foundation Hospital (3)	Hospital	4,869,071	18,668,437	23,537,508	5.51%	6.08%
ZKS Richmond Associates I LLC	Industrial	17,925,015	0	17,925,015	4.19%	4.63%
Point Richmond R&D Associates	Industrial	16,711,977	141,750	16,853,727	3.94%	4.36%
Parker Hannifin Corporation	Industrial	15,783,134	0	15,783,134	3.69%	4.08%
Regatta Holdings Inc.	Industrial	15,165,300	0	15,165,300	3.55%	3.92%
Safeway Inc. (4)	Supermarket	14,383,301	0	14,383,301	3.37%	3.72%
American Standard Properties	Industrial	12,828,750	0	12,828,750	3.00%	3.32%
RVIP Richmond LLC	Commercial	11,976,013	0	11,976,013	2.80%	3.10%
Headlands Realty Corporations	Commercial	9,014,308	0	9,014,308	2.11%	2.33%
Total Valuation		**146,329,616**	**18,810,187**	**165,139,803**	**38.64%**	**42.68%**

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2004-05 Project Area taxable value of $427,397,173 and incremental value of $386,937,733.
(3) Approximately $9.0 million of the value that is shown is expected to be tax exempt in 2005-06.
(4) Because this property is in Project 3-A, personal property value has been excluded.

Source: Contra Costa County Assessor Records

Table 2.2
Richmond Redevelopment Agency
Merged Project Area

TEN MAJOR PROPERTY TAX ASSESSEES
POST 2004 LIMIT AREAS

Assessee	Type of Use	Secured	Unsecured	Total 2004-05 Taxable Value (1)	% of Total Value (2)	% of Inc Value (2)
Dicon Fiberoptics Inc. (3)	Industrial	$62,567,458	$0	$62,567,458	5.25%	7.77%
Security Capital Pacific Trust	Residential	45,617,331	0	45,617,331	3.83%	5.67%
Cherokee Simeon Venture I LLC	Commercial	42,958,007	0	42,958,007	3.61%	5.34%
BP West Coast Products (3)	Industrial	26,437,677	1,513,477	27,951,154	2.35%	3.47%
California Fats & Oils Inc.	Industrial	27,431,138	0	27,431,138	2.30%	3.41%
Rafanelli & Namas LP	Residential	24,162,985	0	24,162,985	2.03%	3.00%
Richmond Marina Shores II	Residential	24,041,762		24,041,762	2.02%	2.99%
Tosco Corporation	Industrial	23,187,761	20,397	23,208,158	1.95%	2.88%
Harbour Properties LLC	Industrial	22,113,704	0	22,113,704	1.86%	2.75%
Levin Metals Corporation	Industrial	19,842,606	0	19,842,606	1.67%	2.46%
Total Valuation		**318,360,429**	**1,533,874**	**319,894,303**	**26.86%**	**39.73%**

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2004-05 Project Area taxable value of $1,190,835,251 and incremental value of $805,151,653.
(3) Each of these property owners have outstanding appeals.

Source: Contra Costa County Assessor Records

Table 3.0
Richmond Redevelopment Agency
Merged Project Area

ESTIMATE OF TAX INCREMENT REVENUE FOR FISCAL YEAR 2004-05
COMBINED PROJECT AREA

	Taxable Value (1)
Local Secured	
Land	555,422,846
Improvements	1,025,618,156
Personal Property	22,466,885
Gross Local Secured	1,603,507,887
Exempt	151,787,414
Net Local Secured	1,451,720,473
State Assessed	3,279,581
Unsecured	
Land	2,402,608
Improvements	51,507,530
Personal Property	112,151,201
Total Unsecured	166,061,339
Exempt	2,828,969
Net Unsecured	163,232,370
Total Value	1,618,232,424
Base Year Taxable Value	426,143,038
Incremental Taxable Value	1,192,089,386
Tax Increment (2)	13,589,819
Unitary Tax Increment	86,643
Total Tax Increment Revenue	**13,676,462**
Adjustments to Tax Increment Revenue:	
Property Tax Administration Fees (3)	136,765
Liens on Tax Increment	
Housing Set-Aside (4)	2,735,292
AB 1290 Tax Sharing (5)	550,854
Senior Harbour Debt Service (6)	2,336,563
Available Tax Revenues	**$7,916,988**

(1) Based on taxable values per Contra Costa County Auditor-Controller, as adjusted for exemptions.
(2) Calculated based on the application of the estimated tax rate to incremental value.
(3) Estimated based on percentage that 2004-05 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 3.1
Richmond Redevelopment Agency
Merged Project Area

ESTIMATE OF TAX INCREMENT REVENUE FOR FISCAL YEAR 2004-05
PRE-2004 LIMIT AREAS

	Taxable Value (1)
Local Secured	
Land	121,448,918
Improvements	407,413,935
Personal Property	9,972,675
Gross Local Secured	538,835,528
Exempt	143,404,510
Net Local Secured	395,431,018
State Assessed	5,568
Unsecured	
Land	29,567
Improvements	16,885,020
Personal Property	17,632,895
Total Unsecured	34,547,482
Exempt	2,586,895
Net Unsecured	31,960,587
Total Value	427,397,173
Base Year Taxable Value	40,459,440
Incremental Taxable Value	386,937,733
Tax Increment (2)	4,411,090
Unitary Tax Increment	57,255
Total Tax Increment Revenue	**4,468,345**
Adjustments to Tax Increment Revenue:	
Property Tax Administration Fees (3)	44,683
Liens on Tax Increment	
Housing Set-Aside (4)	893,669
AB 1290 Tax Sharing (5)	231,882
Available Tax Revenues	**$3,298,111**

(1) Based on taxable values per Contra Costa County Auditor-Controller. Adjustments reflect exemptions not filed.
(2) Calculated based on the application of the estimated tax rate to incremental value.
(3) Estimated based on percentage that 2003-04 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.

Table 3.2
Richmond Redevelopment Agency
Merged Project Area

ESTIMATE OF TAX INCREMENT REVENUE FOR FISCAL YEAR 2004-05
POST 2004 LIMIT AREAS

	Taxable Value (1)
Local Secured	
Land	433,973,928
Improvements	618,204,221
Personal Property	12,494,210
Gross Local Secured	1,064,672,359
Exempt	8,382,904
Net Local Secured	1,056,289,455
State Assessed	3,274,013
Unsecured	
Land	2,373,041
Improvements	34,622,510
Personal Property	94,518,306
Total Unsecured	131,513,857
Exempt	242,074
Net Unsecured	131,271,783
Total Value	1,190,835,251
Base Year Taxable Value	385,683,598
Incremental Taxable Value	805,151,653
Tax Increment (2)	9,178,729
Unitary Tax Increment	29,388
Total Tax Increment Revenue	**9,208,117**
Adjustments to Tax Increment Revenue:	
Property Tax Administration Fees (3)	92,081
Liens on Tax Increment	
Housing Set-Aside (4)	1,841,623
AB 1290 Tax Sharing (5)	318,972
Senior Harbour Debt Service (6)	2,336,563
Available Tax Revenues	**$4,618,877**

(1) Based on taxable values per Contra Costa County Auditor-Controller.
(2) Calculated based on the application of the City of Richmond tax rate to incremental value.
(3) Estimated based on percentage that 2003-04 actual amount represented to total tax increment.
(4) Based on 20 percent of total tax increment revenue.
(5) Tax sharing payments per the provisions of AB 1290.
(6) Maximum annual debt service on Senior Harbour bonds.

Table 4.0
Richmond Redevelopment Agency
Merged Project Area

PROJECTION OF INCREMENTAL TAX REVENUE
COMBINED 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 $426,143	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	Available Tax Revenues
2004 - 2005	N/A	N/A	$1,483,164	$135,069	$1,618,232	$1,192,089	$13,590	$87	$13,676	$137	$2,735	$551	$2,337	$7,917
2005 - 2006	1,477,478	21,972	1,499,450	135,069	1,634,519	1,208,376	13,775	87	13,862	139	2,772	601	2,337	8,013
2006 - 2007	1,527,445	12,531	1,539,976	135,069	1,675,044	1,248,901	14,237	87	14,324	143	2,865	697	2,337	8,282
2007 - 2008	1,568,727	0	1,568,727	135,069	1,703,796	1,277,653	14,565	87	14,652	146	2,930	772	2,337	8,467
2008 - 2009	1,598,015	0	1,598,015	135,069	1,733,084	1,306,941	14,899	87	14,986	150	2,997	848	2,337	8,655
2009 - 2010	1,627,850	0	1,627,850	135,069	1,762,919	1,336,776	15,239	87	15,326	153	3,065	925	2,337	8,846
2010 - 2011	1,658,242	0	1,658,242	135,069	1,793,311	1,367,168	15,586	87	15,672	157	3,134	1,008	2,337	9,037
2011 - 2012	1,689,201	0	1,689,201	135,069	1,824,270	1,398,127	15,939	87	16,025	160	3,205	1,105	2,337	9,219
2012 - 2013	1,720,739	0	1,720,739	135,069	1,855,807	1,429,664	16,298	87	16,385	164	3,277	1,203	2,337	9,404
2013 - 2014	1,752,865	0	1,752,865	135,069	1,887,934	1,461,791	16,664	87	16,751	167	3,350	1,304	2,337	9,593
2014 - 2015	1,785,591	0	1,785,591	135,069	1,920,660	1,494,517	17,037	87	17,124	171	3,425	1,438	2,337	9,753
2015 - 2016	1,818,928	0	1,818,928	135,069	1,953,997	1,527,854	17,418	87	17,504	175	3,501	1,575	2,337	9,917
2016 - 2017	1,852,887	0	1,852,887	135,069	1,987,956	1,561,813	17,805	87	17,891	179	3,578	1,715	2,337	10,083
2017 - 2018	1,887,481	0	1,887,481	135,069	2,022,549	1,596,406	18,199	87	18,286	183	3,657	1,857	2,337	10,252
2018 - 2019	1,922,720	0	1,922,720	135,069	2,057,789	1,631,646	18,601	87	18,687	187	3,737	2,002	2,337	10,425
2019 - 2020	1,427,101	0	1,427,101	110,362	1,537,463	1,149,783	13,108	34	13,142	131	2,628	1,433	2,337	6,612
2020 - 2021	1,453,745	0	1,453,745	110,362	1,564,107	1,176,427	13,411	34	13,445	134	2,689	1,545	2,337	6,740
2021 - 2022	1,480,887	0	1,480,887	110,362	1,591,248	1,203,569	13,721	34	13,755	138	2,751	1,659	2,337	6,871
2022 - 2023	1,486,891	0	1,486,891	110,341	1,597,232	1,211,281	13,809	30	13,839	138	2,768	1,743	2,337	6,853
2023 - 2024	1,514,651	0	1,514,651	110,341	1,624,992	1,239,041	14,125	30	14,155	142	2,831	1,860	0	9,323
2024 - 2025	1,542,930	0	1,542,930	110,341	1,653,271	1,267,320	14,447	30	14,478	145	2,896	1,978	0	9,459
2025 - 2026	1,571,736	0	1,571,736	110,341	1,682,077	1,296,126	14,776	30	14,806	148	2,961	2,099	0	9,597
2026 - 2027	625,875	0	625,875	28,766	654,641	319,743	3,645	1	3,646	36	729	1,047	0	1,833
2027 - 2028	637,561	0	637,561	28,766	666,326	331,428	3,778	1	3,779	38	756	1,096	0	1,889
2028 - 2029	649,464	0	649,464	28,766	678,229	343,331	3,914	1	3,915	39	783	1,151	0	1,942
2029 - 2030	661,589	0	661,589	28,766	690,355	355,457	4,052	1	4,053	41	811	1,207	0	1,995

(1) Prior Year Real Property increased by 1.867 percent per year. The value for 2005-06 has been reduced for exempt property and appeals.
(2) Based on Transit Village development.
(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 Costs County for 2003-04.
(6) Property tax administration fees are based on 1 percent of tax increment, which is the percentage that such fees represented in 2003-04.
(7) Tax sharing payments per AB 1290.

Table 4.1
Richmond Redevelopment Agency
Merged Project Area

PROJECTION OF INCREMENTAL TAX REVENUE
PRE-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 $40,459	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment Revenue	Property Tax (6) Admin Fee	Housing Set-Aside	AB 1290 (7) Tax Sharing Payments	Available Tax Revenues
2004 - 2005	N/A	N/A	$402,373	$25,024	$427,397	$386,938	$4,411	$57	$4,468	$45	$894	$232	$3,298
2005 - 2006	395,925	21,972	417,897	25,024	442,921	402,462	4,588	57	4,645	46	929	280	3,389
2006 - 2007	425,699	12,531	438,230	25,024	463,254	422,795	4,820	57	4,877	49	975	330	3,523
2007 - 2008	446,412	0	446,412	25,024	471,436	430,977	4,913	57	4,970	50	994	353	3,574
2008 - 2009	454,746	0	454,746	25,024	479,771	439,311	5,008	57	5,065	51	1,013	376	3,626
2009 - 2010	463,237	0	463,237	25,024	488,261	447,801	5,105	57	5,162	52	1,032	399	3,679
2010 - 2011	471,885	0	471,885	25,024	496,909	456,450	5,204	57	5,261	53	1,052	427	3,729
2011 - 2012	480,695	0	480,695	25,024	505,720	465,260	5,304	57	5,361	54	1,072	457	3,779
2012 - 2013	489,670	0	489,670	25,024	514,694	474,235	5,406	57	5,464	55	1,093	487	3,829
2013 - 2014	498,812	0	498,812	25,024	523,836	483,377	5,510	57	5,568	56	1,114	518	3,880
2014 - 2015	508,125	0	508,125	25,024	533,149	492,690	5,617	57	5,674	57	1,135	554	3,928
2015 - 2016	517,611	0	517,611	25,024	542,636	502,176	5,725	57	5,782	58	1,156	591	3,977
2016 - 2017	527,275	0	527,275	25,024	552,300	511,840	5,835	57	5,892	59	1,178	629	4,026
2017 - 2018	537,120	0	537,120	25,024	562,144	521,684	5,947	57	6,004	60	1,201	667	4,076
2018 - 2019	547,148	0	547,148	25,024	572,172	531,712	6,062	57	6,119	61	1,224	707	4,127
2019 - 2020	25,847	0	25,847	317	26,164	24,168	276	5	280	3	56	30	191
2020 - 2021	26,329	0	26,329	317	26,647	24,651	281	5	286	3	57	32	193
2021 - 2022	26,821	0	26,821	317	27,138	25,142	287	5	291	3	58	34	196
2022 - 2023	5,678	0	5,678	296	5,974	5,707	65	1	66	1	13	5	47
2023 - 2024	5,784	0	5,784	296	6,080	5,813	66	1	67	1	13	5	48
2024 - 2025	5,892	0	5,892	296	6,188	5,921	68	1	68	1	14	6	48
2025 - 2026	6,002	0	6,002	296	6,298	6,031	69	1	69	1	14	6	49
2026 - 2027	6,114	0	6,114	296	6,410	6,143	70	1	71	1	14	7	49
2027 - 2028	6,228	0	6,228	296	6,524	6,257	71	1	72	1	14	7	49
2028 - 2029	6,345	0	6,345	296	6,641	6,374	73	1	73	1	15	8	50
2029 - 2030	6,463	0	6,463	296	6,759	6,492	74	1	75	1	15	9	50

(1) Prior Year Real Property increased by an average of 1.867 percent per year. The value for 2005-06 has been reduced for exempt property and potential appeals impacts.
(2) Based on Transit Village development.
(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. Excludes tax rate levied by the East Bay Park District for 2003-04 only.
(5) Based on amount reported by Contra Costa County for 2003-04.
(6) Property tax administration fees are based on 1 percent of tax increment, which is the percentage that such fees represented in 2001-02.
(7) Tax sharing payments per AB 1290.

Table 4.2
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 $385,684	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	Available Tax Revenues
2004 - 2005	N/A	N/A	$1,080,791	$110,044	$1,190,835	$805,152	$9,179	$29	$9,208	$92	$1,842	$319	$2,337	4,619
2005 - 2006	1,081,553	0	1,081,553	110,044	1,191,597	805,914	9,187	29	9,217	92	1,843	321	2,337	4,624
2006 - 2007	1,101,745	0	1,101,745	110,044	1,211,790	826,106	9,418	29	9,447	94	1,889	367	2,337	4,760
2007 - 2008	1,122,315	0	1,122,315	110,044	1,232,360	846,676	9,652	29	9,681	97	1,936	419	2,337	4,893
2008 - 2009	1,143,269	0	1,143,269	110,044	1,253,313	867,630	9,891	29	9,920	99	1,984	472	2,337	5,029
2009 - 2010	1,164,614	0	1,164,614	110,044	1,274,658	888,974	10,134	29	10,164	102	2,033	526	2,337	5,167
2010 - 2011	1,186,357	0	1,186,357	110,044	1,296,401	910,718	10,382	29	10,412	104	2,082	581	2,337	5,308
2011 - 2012	1,208,506	0	1,208,506	110,044	1,318,551	932,867	10,635	29	10,664	107	2,133	648	2,337	5,440
2012 - 2013	1,231,069	0	1,231,069	110,044	1,341,113	955,430	10,892	29	10,921	109	2,184	716	2,337	5,575
2013 - 2014	1,254,053	0	1,254,053	110,044	1,364,097	978,414	11,154	29	11,183	112	2,237	786	2,337	5,713
2014 - 2015	1,277,466	0	1,277,466	110,044	1,387,511	1,001,827	11,421	29	11,450	115	2,290	884	2,337	5,825
2015 - 2016	1,301,316	0	1,301,316	110,044	1,411,361	1,025,677	11,693	29	11,722	117	2,344	984	2,337	5,940
2016 - 2017	1,325,612	0	1,325,612	110,044	1,435,656	1,049,973	11,970	29	11,999	120	2,400	1,086	2,337	6,057
2017 - 2018	1,350,361	0	1,350,361	110,044	1,460,406	1,074,722	12,252	29	12,281	123	2,456	1,190	2,337	6,176
2018 - 2019	1,375,572	0	1,375,572	110,044	1,485,617	1,099,933	12,539	29	12,569	126	2,514	1,295	2,337	6,297
2019 - 2020	1,401,254	0	1,401,254	110,044	1,511,299	1,125,615	12,832	29	12,861	129	2,572	1,403	2,337	6,421
2020 - 2021	1,427,416	0	1,427,416	110,044	1,537,460	1,151,777	13,130	29	13,160	132	2,632	1,513	2,337	6,547
2021 - 2022	1,454,066	0	1,454,066	110,044	1,564,110	1,178,427	13,434	29	13,463	135	2,693	1,625	2,337	6,675
2022 - 2023	1,481,213	0	1,481,213	110,044	1,591,258	1,205,574	13,744	29	13,773	138	2,755	1,739	2,337	6,806
2023 - 2024	1,508,867	0	1,508,867	110,044	1,618,912	1,233,228	14,059	29	14,088	141	2,818	1,855	0	9,275
2024 - 2025	1,537,038	0	1,537,038	110,044	1,647,082	1,261,399	14,380	29	14,409	144	2,882	1,973	0	9,411
2025 - 2026	1,565,734	0	1,565,734	110,044	1,675,779	1,290,095	14,707	29	14,736	147	2,947	2,093	0	9,549
2026 - 2027	619,761	0	619,761	28,469	648,231	313,599	3,575	0	3,575	36	715	1,040	0	1,784
2027 - 2028	631,332	0	631,332	28,469	659,802	325,170	3,707	0	3,707	37	741	1,089	0	1,840
2028 - 2029	643,119	0	643,119	28,469	671,589	336,957	3,841	0	3,842	38	768	1,143	0	1,892
2029 - 2030	655,126	0	655,126	28,469	683,596	348,964	3,978	0	3,978	40	796	1,199	0	1,944

(1) Prior Year Real Property increased by 1.867 percent per year. The value for 2005-06 has been reduced for potential appeals impacts.
(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. Excludes tax rate levied by the East Bay Park District per additional bonds test.
(5) Based on amount reported by Contra Costa County for 2003-04.
(6) Property tax administration fees are based on 1 percent of tax increment, which is the percentage that such fees represented in 2003-04.
(7) Tax sharing payments per AB 1290.
(8) Maximum annual debt service on Senior Harbour bonds.

APPENDIX H

BASIC FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2003

(THIS PAGE INTENTIONALLY LEFT BLANK)

Richmond Redevelopment Agency

Richmond, California

Basic Financial Statements and Independent Auditors' Reports

For the year ended June 30, 2003

C&L
Caporicci & Larson
Certified Public Accountants

Richmond Redevelopment Agency

Table of Contents

Page

Independent Auditors' Report 1

Management's Discussion and Analysis 3

Basic Financial Statements:

Government - Wide Financial Statement:
- Statement of Net Assets 14
- Statement of Activities and Changes in Net Assets 15

Governmental Fund Financial Statements:
- Balance Sheet – Governmental Funds 18
- Reconciliation of Governmental Funds Balance Sheet to the Government – Wide Statement of Net Assets 21
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 22
- Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government – Wide Statement of Activities and Changes in Net Assets 24

Notes to Basic Financial Statements 25

Required Supplementary Information:
- Budgets and Budgetary Accounting 40
- Budgetary Comparison Schedule – General Fund 41

Supplementary Information:

Non-Major Governmental Funds:
- Combining Balance Sheet 46
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances 48

Independent Auditors' Report on Compliance 51

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 accompanying basic 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, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Governmental Accounting Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2003, and the results of its operations and changes in fund balances for the year then ended in conformity with generally accepted accounting principles in the United States.

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplemental information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Caporicci & Larson

Oakland, California
November 21, 2003

Toll Free Ph: (877) 862-2200
Toll Free Fax: (866) 436-0927

Oakland
180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County
3184-D Airway Avenue
Costa Mesa, California 92626

Sacramento
777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego
600 "B" Street, Suite 1900
San Diego, California 92101

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2003. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

USING THIS ANNUAL REPORT

This Comprehensive Annual Financial Report consists of the Financial Section, which includes Management's Discussion and Analysis (this part) as well as:

The Basic Financial Statements, which include the Government-Wide and the Fund Financial Statements

Notes to these financial statements

Required Supplemental Information

The financial statements presented herein include all of the activities of the Redevelopment Agency of City of Richmond (City) using the integrated approach as prescribed by GASB Statement No. 34.

FINANCIAL HIGHLIGHTS

Blight eliminating, property enhancing and economic development projects financed and/or sponsored by the Agency during the year included:

$56 million committed or spent to rehabilitate and convert the City's historic Ford Assembly Plant into office space for job producing and tax paying businesses. The Agency spent $19 million of its Federal grant, tax revenue bonds and tax increment proceeds during the fiscal year.

$100 million committed to construct the City's new Transit Village of which $40 million were from Agency controlled funds and $60 million from private developers. The transit village will include 231 housing units, half of which will be for families with low and moderate income; a potential cultural arts facility and major improvements to facilities for three modes of mass transportation; a parking structure with a minimum of 800 spaces; and 27,000 square feet of retail space.

$10.1 million committed to construct housing for 30 low and moderate income households in the City of Richmond's Chesley Street Area; this consisted of $4.9 million of tax increment set-aside for low and moderate income housing, and revenue bonds proceeds and $5.2 Million obtained from a private developer.

$4.83 million spent for new parks, City street enhancements, railroad crossings, public art and buildings facade improvements.

- The Agency's net assets increased $3,860,285 to negative $34,710,218 as a result of this year's operations.

- Total Assets increased $471,992 due to a $2,254,076 increase in non-current assets offset by a $1,782,084 decrease in current assets.

- Total Liabilities decreased by $3,388,293. This was due to decreases of $1,902,594 and $1,485,699 in current liabilities and long-term debt, respectively. The decrease in current liabilities resulted primarily from the $2,784,774 repayment of advances from the City and a $256,470 decrease in accounts payable and other accrued liabilities offset by a $1,161,184 increase in long-term bond debt due within one year. The decrease in long-term debt was due substantially to the $2,035,000 of long-term bonds that became due within one year and a $37,762 decrease in compensated absences payables offset by a new $587,063 loan from the California Housing Finance Agency.

- During the year, the Agency's Federal and State grants proceeds, property taxes and earnings from investment exceeded last year's by $18,880,488. These positive revenues were only partially offset by increased expenditures.

The Basic Financial Statements – Reporting the Agency as a Whole

The Basic Financial Statements comprise the Government-Wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Agency's financial activities and financial position.

The Government-Wide Financial Statements provide a longer-term view of the Agency's activities as a whole, and comprise the *Statement of Net Assets* and the *Statement of Activities and Changes in Net Assets.* The *Statement of Net Assets* provides information about the financial position of the Agency as a whole, including all capital assets and long-term liabilities on the full accrual basis of accounting. Over time, increases or decreases in the Agency's net assets may serve as an indicator of the Agency's *overall* financial health. Other factors to consider are changes in the Agency's property tax base and the ability to meet debt service payments. The *Statement of Activities and Changes in Net Assets* provides information about all of the Agency's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues and expenses of each of the Agency's programs. The Statement of Activities explains in detail the changes in Net Assets for the year.

In the *Statement of Net Assets* and the *Statement of Activities and Changes in Net Assets,* the Agency's activities are separated as follows:

Governmental Activities – all of the Agency's basic services are considered to be governmental activities, including development services and interest on long-term debt.

Government-Wide Financial Statements - are prepared on the accrual basis, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Reporting the Agency's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the Agency's funds. Some funds are required to be established by State law and by bond covenants. However, the Agency Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

- *Governmental funds* – all of the Agency's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Agency's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. Capital assets and other long-lived assets, along with long-term liabilities are not presented in the Governmental Fund Financial Statements. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities and Changes in Net Assets) and Governmental Fund Financial Statements are explained in a reconciliation schedule following each Governmental Fund Financial Statement.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the Agency's budgetary principals and comparison schedules for the General Fund.

THE AGENCY AS A WHOLE

The Agency's combined Net Assets for the fiscal year ended June 30, 2003 were:

Table 1
Net Assets
Governmental Activities

	2003	2002	Increase (Decrease)
Current and Other Assets	$ 40,869,578	$ 42,651,662	$ (1,782,084)
Non-current Assets	12,625,190	10,371,114	2,254,076
Total Assets	53,494,768	53,022,776	471,992
Current Liabilities	35,038,430	36,941,024	1,902,594
Non-current Liabilities	53,166,556	54,652,255	1,485,699
Total Liabilities	88,204,986	91,593,279	3,388,293
Net Assets:			
Investments in Capital Assets, Net of Debt	(42,685,911)	(46,434,331)	3,748,420
Restricted for:			
Capital Projects	33,835,893	34,313,247	(477,354)
Debt Service	(25,561,868)	(27,155,822)	1,593,954
Unrestricted	(298,332)	706,403	(1,004,735)
Total Restricted/Unrestricted Net Assets	7,975,693	7,863,828	111,865
Total Net Assets	$ (34,710,218)	$ (38,570,503)	$ 3,860,285

Net assets increased by $3,860,285 during fiscal year 2003. This increase comes from the change in net assets as recorded in the Statement of Activities and flows through the Statement of Net Assets. Program expenses by function, general revenues by major source, excess and or deficiency of revenues over expenses, special and extraordinary items, and total assets are presented in the Statement of Activities and Changes in Net Assets and Statement of Net Assets.

The following is an explanation of the changes between fiscal years as shown in Table 1:

Assets increased by $471,992:

- Current and Other Assets decreased by $1,782,084 primarily because although general revenues exceeded net program expenditures by $3,860,285, additional expenditures for construction in progress, payment of advances from the City and net long-term debt principal repayments over new debt proceeds totaled $2,673,065, $2,784,774 and $286,753, respectively.

- Non-current Assets increased $2,254,076 due to the $2,673,065 increase in construction in progress decreased by depreciation expense and capital assets disposals.

Liabilities decreased by $3,388,293:

- Current Liabilities decreased by a net amount of $1,902,594 due substantially to the $2,784,774 repayment of the advances from the City and a $256,470 reduction in Accounts Payable and Accrued Liabilities offset by a $1,161,184 increase in Long-Term debt due within one year.

- Non-current Liabilities decreased by a total of $1,485,699 consisting of the $2,035,000 of Long-Term debt that is now due within one year less the new $587,063 loan from the California Housing Finance Agency and a $37,762 decrease in compensated absences payables.

Net Assets increased by $3,860,285:

- Investment in Capital Assets Net of Related Debt increased by $3,748,420 largely due to the $2,498,517 increase to the construction in progress component of capital assets, a net decrease in long-term debt of $286,753 and accrued interest of $963,150 included in the prior year's calculation of long-term debt; while the current year's accrued interest of $941,364 was excluded from the current year's calculation.

- Restricted and Unrestricted Net Assets increased by $111,865.

Governmental Activities

Table 2 presents the revenues and expenses for the Agency as a whole.

Table 2
Revenue and Expenses
Governmental Activities

	2003	2002	Increase (Decrease)
Revenues:			
Program Revenues:			
Capital Grants and Contributions	$ 14,248,084	$ 1,199,114	$ 13,048,970
General Revenues:			
Property Taxes	12,010,629	10,699,457	1,311,172
Investment Earnings	2,222,920	2,504,323	(281,403)
Miscellaneous	781,042	852,123	(71,081)
Transfers-in	775,875	-	775,875
Loss on Sale of Capital Assets	(36,342)	(4,133,297)	4,096,955
Total Revenues and Transfers	30,002,208	11,121,720	18,880,488
Expenses:			
Housing and Redevelopment	23,143,114	6,246,040	(16,897,074)
Interest on Long-Term Debt	2,998,809	3,922,395	923,586
Total Expenses	26,141,923	10,168,435	(15,973,488)
Increase (Decrease) in Net Assets	**$ 3,860,285**	**$ 953,285**	**$ 2,907,000**

Program revenues increased by $13,048,970:

- The increase in program revenues was due to the receipt of $14,243,084 from a Loma Prieta Earthquake grant from FEMA.

General revenues increased by $5,831,518:

- Property taxes increased $1,311,172 from an increase in property values resulting the Agency's blight eliminating and other property enhancing activities.
- The Agency received an operating transfer of $775,875 from the City of Richmond to partially finance construction of the proposed "Lucretia Edwards" park.
- The loss from sale of capital assets was only $36,342 vs. $4,133,297 in the prior year offset by a $281,403 reduction in investment earnings due to a decrease in tax allocation revenue bonds proceeds invested.

Expenses increased by $15,973,488:

- The increase in Housing and Redevelopment expenditures was due primarily to the $15,823,496 of FEMA grant funds and tax increment expended to rehabilitate the City of Richmond's historic Ford Assembly Plant building.
- The decrease in interest on long-term debt is due to accrued interest on long-term debt at prior year-end of $963,150 being included with interest on long-term debt; while, the $941,364 of accrued interest at current year-end was included with housing and redevelopment expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2003, the Agency had $12,281,931 invested in capital assets, net of accumulated depreciation. (See Table No. 3 below.) During the fiscal year, construction in progress increased from $2,104,612 to $4,583,009. Land held by the Agency increased by $124,184 and $34,412 of computer software was acquired. Capital assets sales and disposals totaled $90,634 and depreciation expense recorded for the year was $151,053.

Table 3
Capital Assets at June 30, 2003

	Original cost	Depreciation	Total Capital Assets, Net
Furniture, Machinery and Equipment	$ 275,560	$ 17,498	$ 258,062
Buildings and Building Improvements	4,302,531	2,594,298	1,708,233
Land	5,732,626	-	5,732,626
Construction in Progress	4,583,010	-	4,583,010
Total	**$ 14,893,727**	**$ 2,611,796**	**$ 12,281,931**

Debt

Table 4
Outstanding Debt, at June 30, 2003
Government Activities

	2003	2002
Tax Allocation Revenue Bonds:		
1991 Issue	$ 1,045,000	$ 1,460,000
1998 Issue	21,747,779	21,772,779
2000A Issue	25,720,000	25,720,000
2000B Issue	5,365,000	5,535,000
Notes and Loans Payable:		
U.C. Berkeley Note	-	263,816
Wells Fargo Bank Loan	500,000	500,000
CA Housing Finance Agency Loan	587,063	-
Total	**$ 54,964,842**	**$ 55,251,595**

The 1998 Tax Allocation Revenue Bonds (TARB) were issued primarily to repay advances for redevelopment projects received from the City and refinance most of the 1991 TARB, the non-refinanced remaining balance of which will be paid down to only $305,000 during fiscal year 2004.

The 2000A TARB, which also repaid $3 million of redevelopment projects advances from the City, and the 2000B TARB were issued primarily to fund redevelopment and low and moderate income housing projects within the City.

The CA Housing Finance Agency (CHFA) loan, which is part of a $1.5 million line of credit awarded to the Agency by CHFA, and the Wells Fargo Bank loan are low interest loans whose principal balances do not have to be repaid for 10 years and 15 years, respectively. Proceeds of these loans must be used to provide housing for households with low and/or moderately low incomes.

The Agency's projected cash flows would allow additional debt to be incurred for future projects that the Agency Board may decide are beneficial to the City of Richmond. Accordingly, in August 2003, the Agency issued tax anticipation revenue bonds that generated $23 million of bond proceeds. S & P's Investors Service assigned that 2003 issuance a rating of "AAA-".

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the Agency's revenue forecast for fiscal year 2003-2004 were:

1. Property tax increment revenues will increase by 2% due to an estimated rise in assessed valuation.

2. General growth plus an additional $1.1 million of tax increment from the City's new Transit Village ($0.5 million), the Simeon/Zeneca development ($0.4 million) and the rehabilitated Ford Building ($0.2 million).

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at the City of Richmond, 1401 Marina Way South, Richmond, CA, 94804.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Richmond Redevelopment Agency
Statement of Net Assets
June 30, 2003

	Primary Government Governmental Activities
ASSETS	
Current assets:	
Cash and investments	$ 10,289,968
Restricted cash and investments	29,111,109
Accounts and other receivables	832,279
Deposits	384,661
Advances to City of Richmond	243,408
Total current assets	40,861,425
Noncurrent assets:	
Notes receivable	354,412
Capital assets:	
Non depreciable	10,315,636
Depreciable, net	1,966,295
Total capital assets, net of accumulated depreciation	12,281,931
Total noncurrent assets	12,636,343
Total assets	53,497,768
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	898,947
Accrued interest payable	941,364
Refundable deposits	29,202
Advances from City of Richmond	31,133,917
Long-term debt, due within one year	2,035,000
Total current liabilities	35,038,430
Long-term liabilities:	
Compensated absences	236,714
Long-term debt, due in more than one year	52,929,842
Total long-term liabilities	53,166,556
Total liabilities	88,204,986
NET ASSETS	
Invested in capital assets, net of related debt	(42,682,911)
Restricted for:	
Capital projects	33,835,893
Debt service	(25,561,868)
Unrestricted	(298,332)
Total net assets	$ (34,707,218)

See accompanying Notes to Basic Financial Statements.

Richmond Redevelopment Agency
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2003

Functions / Programs	Expenses	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Primary government:			
Governmental activities:			
Housing and redevelopment	$ 23,143,114	$ 14,248,084	$ (8,895,030)
Interest and fiscal agent fees on long-term debt	2,998,809	-	(2,998,809)
Total governmental activities	26,141,923	14,248,084	(11,893,839)
Total primary government	$ 26,141,923	$ 14,248,084	(11,893,839)
General revenues:			
Taxes:			
Property taxes			12,010,629
Investment earnings			2,222,920
Miscellaneous			781,042
Transfers from City			775,875
Loss on sale of capital assets			(36,342)
Total general revenues			15,754,124
Change in net assets			3,860,285
Net assets - beginning of the year, previously reported			(38,567,503)
Net assets - end of year			$ (34,707,218)

See accompanying Notes to Basic Financial Statements.

This page intentionally left blank.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Richmond Redevelopment Agency
Balance Sheet
Governmental Funds
June 30, 2003

	Major Funds				
	General	Downtown Debt Services	Harbour Debt Services	Eastshore Park Debt Services	Potrero Debt Services
ASSETS					
Cash, cash equivalents and investments	$ 707,690	$ 5,756	$ 643,127	$ 4,572	$ 1,204
Restricted cash , cash equivalents and investments	-	-	2,259,506	-	-
Accounts and other receivables	457	252	1,249	175	439
Deposits	384,661	-	-	-	-
Advances to other funds	-	-	-	-	-
Advances to City of Richmond	-	-	-	-	-
Notes receivable	1,457,535	-	-	-	-
Total assets	$ 2,550,343	$ 6,008	$ 2,903,882	$ 4,747	$ 1,643
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 71,757	$ -	$ -	$ -	$ -
Refundable deposits	27,500	-	-	-	-
Advances from other funds	115,000	-	-	-	-
Advances from City of Richmond	-	14,452,943	11,729,469	3,852,055	429,803
Deferred revenues	1,456,340	-	-	-	-
Total liabilities	1,670,597	14,452,943	11,729,469	3,852,055	429,803
Fund Balances:					
Reserved:					
Encumbrances	132,199	-	-	-	-
Long-term receivables	-	-	-	-	-
Debt service	-	6,008	2,903,882	4,747	1,643
Unreserved, reported in:					
Special revenue funds	747,547	-	-	-	-
Debt service funds	-	(14,452,943)	(11,729,469)	(3,852,055)	(429,803)
Capital project funds	-	-	-	-	-
Total fund balances	879,746	(14,446,935)	(8,825,587)	(3,847,308)	(428,160)
Total liabilities and fund balances	$ 2,550,343	$ 6,008	$ 2,903,882	$ 4,747	$ 1,643

See accompanying Notes to Basic Financial Statements.

	Major Funds						
	Galvin Debt Services	JPA 2000 TARB Capital Projects	Low/Moderate Income Housing Capital Projects	Downtown Capital Projects	Harbour Capital Projects	Non-Major Governmental Funds	Total
	$ 5,052	$ 131,693	$ 5,954,153	$ 68,708	$ 105,731	$ 2,662,282	$ 10,289,968
	-	23,643,247	-	304,200	2,904,156	-	29,111,109
	484	458,663	6,977	100	360,356	3,127	832,279
	-	-	-	-	-	-	384,661
	-	-	-	55,000	60,000	-	115,000
	-	-	-	-	120,000	123,408	243,408
	-	-	250,000	466,307	-	12,500	2,186,342
	$ 5,536	$ 24,233,603	$ 6,211,130	$ 894,315	$ 3,550,243	$ 2,801,317	$ 43,162,767
	$ -	$ -	$ 89,696	$ 121,509	$ 553,893	$ 62,092	$ 898,947
	-	-	-	1,702	-	-	29,202
	-	-	-	-	-	-	115,000
	559,554	-	-	-	-	110,093	31,133,917
	-	-	-	363,090	-	12,500	1,831,930
	559,554	-	89,696	486,301	553,893	184,685	34,008,996
	-	-	594,954	513,513	1,618,130	935,793	3,794,589
	-	-	250,000	103,216	120,000	-	473,216
	5,536	-	-	-	-	2,283,121	5,204,937
	-	-	-	-	-	-	747,547
	(559,554)	-	-	-	-	257,019	(30,766,805)
	-	24,233,603	5,276,480	(208,715)	1,258,220	(859,301)	29,700,287
	(554,018)	24,233,603	6,121,434	408,014	2,996,350	2,616,632	9,153,771
	$ 5,536	$ 24,233,603	$ 6,211,130	$ 894,315	$ 3,550,243	$ 2,801,317	$ 43,162,767

This page intentionally left blank.

Richmond Redevelopment Agency
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets
June 30, 2003

Total Fund Balances - Total Governmental Funds	$	9,153,771
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		12,281,931
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.		(941,364)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated absences		(236,714)
Long-term debt		(54,964,842)
Net Assets of Governmental Activities	$	(34,707,218)

See accompanying Notes to Basic Financial Statements.

Richmond Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2003

	Major Funds				
	General	Downtown Debt Services	Harbour Debt Services	Eastshore Park Debt Services	Potrero Debt Services
REVENUES:					
Property taxes	$ -	$ 455,228	$ 6,029,270	$ 301,004	$ 629,516
Intergovernmental	5,000	-	-	-	-
Investment income	541,816	650	143,907	926	1,518
Other	109,710	-	-	-	-
Total revenues	656,526	455,878	6,173,177	301,930	631,034
EXPENDITURES:					
Housing and redevelopment	3,694,418	-	-	-	-
Capital outlay	36,555	-	-	-	-
Debt service:					
Principal	-	-	703,816	-	-
Interest and fiscal charges	-	838,256	1,144,240	227,209	28,464
Other	34,643	-	6,908	-	-
Total expenditures	3,765,616	838,256	1,854,964	227,209	28,464
REVENUES OVER (UNDER) EXPENDITURES	(3,109,090)	(382,378)	4,318,213	74,721	602,570
OTHER FINANCING SOURCES (USES):					
Proceeds from note	-	-	-	-	-
Transfers in from City	-	-	-	-	-
Transfers in	3,007,867	2,143,025	1,220,721	259,563	-
Transfers out	-	(230,000)	(5,075,007)	(85,000)	(779,456)
Total other financing sources (uses)	3,007,867	1,913,025	(3,854,286)	174,563	(779,456)
Net change in fund balances	(101,223)	1,530,647	463,927	249,284	(176,886)
FUND BALANCES:					
Beginning of year, as previously reported	980,969	(15,977,582)	(11,241,991)	(3,226,014)	-
Prior period adjustments	-	-	1,952,477	(870,578)	(251,274)
Beginning of year, as restated	980,969	(15,977,582)	(9,289,514)	(4,096,592)	(251,274)
End of year	$ 879,746	$ (14,446,935)	$ (8,825,587)	$ (3,847,308)	$ (428,160)

See accompanying Notes to Basic Financial Statements.

	Major Funds						
	Galvin Debt Services	JPA 2000 TARB Capital Projects	Low/Moderate Income Housing Capital Projects	Downtown Capital Projects	Harbour Capital Projects	Non-Major Governmental Funds	Total
	$ 591,935	$ -	$ 2,474,168	$ -	$ -	$ 1,529,508	$ 12,010,629
	-	-	-	-	14,243,084	-	14,248,084
	1,965	1,400,491	23,610	78,247	19,062	10,728	2,222,920
	-	-	-	71,999	599,333	-	781,042
	593,900	1,400,491	2,497,778	150,246	14,861,479	1,540,236	29,262,675
	-	-	429,990	450,626	16,729,369	189,764	21,494,167
	-	-	511,850	397,868	2,905,999	304,596	4,156,868
	-	-	-	-	-	170,000	873,816
	37,092	-	-	-	-	745,334	3,020,595
	11,442	10,439	-	1,268	-	-	64,700
	48,534	10,439	941,840	849,762	19,635,368	1,409,694	29,610,146
	545,366	1,390,052	1,555,938	(699,516)	(4,773,889)	130,542	(347,471)
	-	-	587,063	-	-	-	587,063
	-	-	-	-	775,875	-	775,875
	-	-	2,000,000	713,070	6,012,506	4,054,554	19,411,306
	(1,794,081)	(2,675,903)	(3,482,343)	-	(1,854,369)	(3,435,147)	(19,411,306)
	(1,794,081)	(2,675,903)	(895,280)	713,070	4,934,012	619,407	1,362,938
	(1,248,715)	(1,285,851)	660,658	13,554	160,123	749,949	1,015,467
	1,388,766	25,519,454	5,460,776	394,460	2,836,227	2,003,239	8,138,304
	(694,069)	-	-	-	-	(136,556)	-
	694,697	25,519,454	5,460,776	394,460	2,836,227	1,866,683	8,138,304
	$ (554,018)	$ 24,233,603	$ 6,121,434	$ 408,014	$ 2,996,350	$ 2,616,632	$ 9,153,771

Richmond Redevelopment Agency

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

For the year ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds	$	1,015,467
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		2,685,912
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds.		(151,053)
Loss on the disposal of capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, it is not reported as expenditures in governmental funds.		(36,342)
Long-term compensated absences are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds.		37,762
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		
Long-term debt proceeds		(587,063)
Principal payment		873,816
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in governmental funds. The following amount represents the change in accrued interest from prior year.		21,786
Change in Net Assets of Governmental Activities	$	3,860,285

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The Richmond Redevelopment 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 basic 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 basic financial statements.

The 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 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 has 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 Agency notes and bonds, and sale and rental of real property acquired with these funds.

Although the 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 Agency and members of the City Council serve as the governing board of the Agency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

The accounts of the Agency are organized on the basis of funds, 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. Agency resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements - The Agency's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental Activities for the Agency. The Agency has no Business Type Activities.

The basic financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as revenues for the Agency are general revenues such as property tax increment and interest revenues. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated. In the Statement of Activities, interfund transfers have been eliminated.

The Agency applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) to the governmental activities.

Governmental Fund Financial Statements - Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide financial statements. The Agency has presented all major funds as required.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Agency, are property tax increment and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

C. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Agency's policy is to apply restricted net assets first.

D. 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.

E. 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."

F. Capital Assets

Capital assets are those assets acquired for general governmental purposes. Such assets currently purchased or constructed are recorded as expenditures in the Government-Wide Financial Statements. Contributed capital assets are recorded at fair market value at the time received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Long-term Obligations

Government-Wide Financial Statements - Long-term debt and other financed obligations are reported as liabilities in the governmental activities.

Fund Financial Statements - The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

H. 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 Agency's Government-Wide Financial Statements as accrued compensated absences until paid. The Agency is not liable for payment to employees for accrued sick leave and no related liability is recorded in the accompanying basic financial statements. The Agency's portion of related liabilities is not considered significant to the Agency.

I. 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.

Under California law, property taxes are assessed and collected by the County of Contra Costa (County). Under the Teeter plan, the County remits the full assessment regardless of the amounts received. The County assesses, bills, and collects property taxes as follows:

Lien Date	January 1
Levy Date	July 1
Due Date	November 1 and February 1
Collection Date	December 10 and April 10

The Agency is required to set aside a portion of tax increments received to increase and improve the community's supply of low and moderate-income housing.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Deferred Revenues

In Governmental Fund Financial Statements, 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.

K. Net Assets and Fund Equity

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets" as defined above.

In the Fund Financial Statements, reservations and designations of fund balances of the governmental funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity to not available for future expenditures.

L. 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.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2003 consisted of the following:

Cash and investments pooled with the City	$	10,289,968
Restricted cash and investments		29,111,109
Total cash and investments	$	39,401,077

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.

2. CASH AND INVESTMENTS, Continued

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 Basic Financial Statements for disclosures related to cash and investments and the related custodial risk categorization.

3. NOTES RECEIVABLE

	Balance
EDA loans	$ 363,090
Mechanics Bank serviced loans	104,412
Atchison Village Annex apartments	477,920
Heritage Park development	250,000
Silent second mortgage loans	990,920
Total loans and notes	$ 2,186,342

The EDA loans are the Agency's Revolving Loan Fund (RLF) is a community based program with the goal of fostering local economic growth through the creation and retention of employment opportunities for Richmond residents and complementing community and individual development initiatives. The outstanding balance at June 30, 2003 was $363,090.

The Merchanics Bank Serviced Loans represent four loans given to individuals by the Agency to establish businesses in the blighted area. 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 Mechanics Bank and credited to the Agency's account. The outstanding balance at June 30, 2003 was $104,412.

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 stated interest rate is 3% but accrual is waived until September 1, 2004. The monthly installment of interest and principal in the amount of $1,726 is payable commencing September 1, 2004 to September 1, 2019. The outstanding balance of the loan at June 30, 2003 was $250,000.

3. NOTES RECEIVABLE, Continued

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 of the loan at June 30, 2003 was $990,920.

4. INTERFUND RECEIVABLES AND PAYABLES

Fund Financial Statements

At June 30, 2003, the Agency had the following advances to and from other funds:

		Advances from Other Funds	
		General	Total
Advances to Other Funds	Capital projects funds:		
	Downtown	$ 55,000	$ 55,000
	Harbour	60,000	60,000
	Total	$ 115,000	$ 115,000

At June 30, 2003, the Agency had the following operating transfers in and out:

		Transfers In							
		Major Funds							
		General	Downtown Debt Service	Harbour Debt Service	Eastshore Park Debt Service	Low/Mod. Income Housing Capital Projects	Downtown Capital Projects	Harbour Capital Projects	Non-Major Governmental Funds	Total
Transfers Out	Major funds:									
	Downtown debt service	$ -	$ -	$ -	$ -	$ -	$ -	$ 230,000	$ -	$ 230,000
	Harbour debt service	169,978	-	1,004,919	-	-	-	725,000	3,175,110	5,075,007
	Eastshore Park debt service	-	-	-	-	-	-	85,000	-	85,000
	Potrero debt serve	-	-	-	-	-	-	779,456	-	779,456
	Galvin debt service		-	-	-	-	-	1,794,081	-	1,794,081
	JPA 2000 TARB Capital Projects	-	-	-	-	-	-	2,398,969	276,934	2,675,903
	Low/Mod. income									
	Housing capital projects	800,520	-	79,313	-	2,000,000	-	-	602,510	3,482,343
	Harbour capital projects	70,817	1,377,340	136,489	259,563	-	10,160	-	-	1,854,369
	Non-Major governmental									
	Funds	1,966,552	765,685	-	-	-	702,910	-	-	3,435,147
	Total	$ 3,007,867	$ 2,143,025	$ 1,220,721	$ 259,563	$ 2,000,000	$ 713,070	$ 6,012,506	$ 4,054,554	$ 19,411,306

5. DEFERRED REVENUE

Deferred revenue in the General Fund and Capital Projects Funds at June 30, 2003, consisted of the following:

Notes receivable:	
EDA loans	363,090
Atchison Village Annex apartments	477,920
Silent second mortgage loans	990,920
Total	$ 1,831,930

6. CAPITAL ASSETS

The following is a summary of the Agency's capital assets:

	Balance July 1, 2003	Reclassification/ Additions	Retirements	IntraCo Tfrs.	Balance June 30, 2003
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 5,608,712	$ 160,256	$ (36,342)	$ -	5,732,626
Construction in progress	2,104,613	2,478,397	-	-	4,583,010
Total capital assets, not being depreciated	7,713,325	2,638,653	(36,342)	-	10,315,636
Capital assets, being depreciated:					
Buildings	4,302,531	-	-	-	4,302,531
Machinery and equipment	279,628	34,412	(54,292)	15,812	275,560
Total capital assets, being depreciated	4,582,159	34,412	(54,292)	15,812	4,578,091
Accumulated depreciation	(2,512,070)	(151,053)	54,292	(2,965)	(2,611,796)
Total capital assets, being depreciated, net	2,070,089	(116,641)	-	12,847	1,966,295
Governmental activities capital assets, net	$ 9,783,414	$ 2,522,012	$ (36,342)	$ 12,847	$ 12,281,931

Depreciation expense for capital assets for the year ended June 30, 2003 and 2002 was $151,053 and $144,522, respectively.

7. LONG-TERM OBLIGATIONS

Summary of changes in long-term debt for the year ended June 30, 2003:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due within One Year	Due Over One Year
Bonds payable	$ 54,487,779	$ -	$ (610,000)	$ 53,877,779	$ 2,035,000	$ 51,842,779
Notes payable	763,816	587,063	(263,816)	1,087,063	-	1,087,063
Total	$ 150,850,625	$ 587,063	$ (873,816)	$ 54,964,842	$ 2,035,000	$ 52,929,842

Bonds Payable

Bonds payable at June 30, 2003 consisted of the following:

Harbour Tax Allocation Refunding Bonds - 1991	$ 1,045,000
Harbour Tax Allocation Refunding Bonds - 1998 Series A	21,747,779
JPFA Tax Allocation Revenue Bonds - 2000 Series A	25,720,000
JPFA Tax Allocation Revenue Bonds - 2000 Series B	5,365,000
Total	$ 53,877,779

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 2004, 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	Total
2004	$ 740,000	$ 43,550	$ 783,550
2005	-	21,350	21,350
2006	-	21,350	21,350
2007	-	21,350	21,350
2008	-	-	-
2009	305,000	53,375	358,375
Total	$ 1,045,000	$ 160,975	$ 1,205,975

7. LONG-TERM DEBT, Continued

Bonds Payable, Continued

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 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.

The annual debt service requirements on the bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2004	$ -	$ 717,728	$ 717,728
2005	470,000	708,328	1,178,328
2006	485,000	689,228	1,174,228
2007	500,000	669,153	1,169,153
2008	525,000	647,753	1,172,753
2009-2013	4,747,361	2,866,338	7,613,699
2014-2018	6,375,722	2,017,175	8,392,897
2019-2023	8,331,667	878,881	9,210,548
2024	313,030	26,838	339,868
Total	$ 21,747,779	$ 9,221,419	$ 30,969,198

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 Joint Powers Financing Authority (Richmond JPFA) and consisted of series A Bonds which 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 2030 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%

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*

and $110,000 in 2030 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.

The annual debt service requirements on the Series A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 1,110,000	$ 1,222,108	$ 2,332,108
2005	1,155,000	1,176,808	2,331,808
2006	1,200,000	1,126,708	2,326,708
2007	1,255,000	1,073,353	2,328,353
2008	1,305,000	1,017,635	2,322,635
2009-2013	7,510,000	4,082,271	11,592,271
2014-2018	9,470,000	2,047,760	11,517,760
2019-2023	2,495,000	159,863	2,654,863
2024-2028	150,000	39,113	189,113
2029-2030	70,000	3,675	73,675
Total	$ 25,720,000	$ 11,949,291	$ 37,669,291

The annual debt service requirements on the Series B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2004	$ 185,000	$ 397,493	$ 582,493
2005	195,000	384,193	579,193
2006	210,000	370,018	580,018
2007	225,000	354,793	579,793
2008	240,000	338,098	578,098
2009-2013	1,500,000	1,384,281	2,884,281
2014-2018	2,165,000	622,518	2,787,518
2019-2023	600,000	52,398	652,398
2024-2028	25,000	13,000	38,000
2029-2030	20,000	1,600	21,600
Total	$ 5,365,000	$ 3,918,392	$ 9,283,392

7. LONG-TERM DEBT, Continued

Notes Payable

1. *Well 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. The loan bears a fixed interest rate equal to 1.5% for the first then years, thereafter is adjusted to a fixed rate of 3.5% below the ten year US Treasury note. The amount outstanding at June 30, 2003 was $500,000.

For the Years Ending June 30,	Principal	Interest	Total
2004	$ -	$ 7,500	$ 7,500
2005	-	7,500	7,500
2006	-	7,500	7,500
2007	-	7,500	7,500
2008	-	7,500	7,500
2009-2013	-	37,500	37,500
2014-2017	500,000	30,000	530,000
Total	$ 500,000	$ 105,000	$ 605,000

2. *CHFA Help Loan – Original Amount $1,500,000*

On September 22, 2000, the Agency entered into an agreement with California Housing Finance Agency, to assist the Agency in operating a local housing program which provides loans to nonprofit developers for the purpose of financing the acquisition, preconstruction, and construction of single-family ownership and multifamily rental properties. The loan is due ten years from the date of the loan. The loan bears a simple per annum 3% interest rate. The amount outstanding at June 30, 2003 was $587,063.

3. *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 was due in annual installments of $486,439 through 2003 at an interest rate of 8%. The loan was paid in full during fiscal year 2002-2003.

8. DEFICIT NET ASSETS

At June 30, 2003, restrictions of net assets were as follows:

Invested in capital assets, net of related debt	$ (42,682,911)
Restricted net assets:	
Capital projects	33,835,893
Debt service	(25,561,868)
Unrestricted	(298,332)
Total net assets	$ (34,707,218)

The unrestricted net assets had a deficit balance because long-term debt is in excess of capital assets owned by the Agency. The Agency issues debt for construction and/or acquisition of assets. Upon completion of construction or acquisition, the capital assets are turned over to the City or to private parties within the redevelopment project area. The debt will be repaid with future property tax increment revenue.

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 City corrected long term advances in various funds in the fund financial statement. The net effect on fund balance is zero.

	Harbour Debt Service	Eastshore Park Debt Service	Potrero Debt Servcie	Galvin Debt Service	Non-Major Governmental Fund
Fund balances, as previously reported	$ (11,241,991)	$ (3,226,014)	$ -	$ 1,388,766	$ 66,184
Prior period adjustment	1,952,477	(870,578)	(251,274)	(694,069)	(136,556)
Fund balances, as restated	$ (9,289,514)	$ (4,096,592)	$ (251,274)	$ 694,697	$ (70,372)

REQUIRED SUPPLEMENTARY INFORMATION

Richmond Redevelopment Agency
Required Supplementary Information
For the year ended June 30, 2003

1. 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 Special Revenue 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. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Governmental Funds - General Fund

	Budgeted Amount			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
Intergovernmental	$ -	$ -	$ 5,000	$ 5,000
Investment income	294,338	294,338	541,816	247,478
Other	-	-	109,710	109,710
Total revenues	294,338	294,338	656,526	362,188
EXPENDITURES:				
Housing and redevelopment	3,997,677	4,151,419	3,694,418	457,001
Capital outlay	54,250	54,250	36,555	17,695
Other	-	-	34,643	(34,643)
Total expenditures	4,051,927	4,205,669	3,765,616	440,053
REVENUES OVER (UNDER) EXPENDITURES	(3,757,589)	(3,911,331)	(3,109,090)	802,241
OTHER FINANCING SOURCES (USES):				
Transfers in	4,051,927	4,051,927	3,007,867	(1,044,060)
Total other financing sources (uses)	4,051,927	4,051,927	3,007,867	(1,044,060)
Net change in fund balances	$ 294,338	$ 140,596	(101,223)	$ (395,561)
FUND BALANCES:				
Beginning of year			980,969	
End of year			$ 879,746	

This page intentionally left blank.

SUPPLEMENTAL INFORMATION

This page intentionally left blank.

NON-MAJOR GOVERNMENTAL FUNDS

Richmond Redevelopment Agency
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

	Low/Moderate 2000 TARB Debt Service	Pilot Debt Service	Harbor Gate Debt Service	Hensley Debt Service
ASSETS				
Cash, cash equivalents and investments	$ 2,256,365	$ 50,468	$ 308,191	$ 2,615
Accounts and other receivables	1,754	76	435	660
Advances to City of Richmond	-	-	-	-
Notes receivable	-	-	-	-
Total assets	$ 2,258,119	$ 50,544	$ 308,626	$ 3,275
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ -
Advances from City of Richmond	-	110,093	-	-
Deferred revenues	-	-	-	-
Total liabilities	-	110,093	-	-
Fund Balances:				
Reserved:				
Encumbrances	-	-	-	-
Debt service	2,258,119	-	-	-
Unreserved, reported in:				
Debt service funds	-	(59,549)	308,626	3,275
Capital project funds	-	-	-	-
Total fund balances	2,258,119	(59,549)	308,626	3,275
Total liabilities and fund balances	$ 2,258,119	$ 50,544	$ 308,626	$ 3,275

Nevin Center Debt Service	North Richmond Debt Service	Wells Fargo Debt Service	Hensley Capital Projects	Redevelopment CIP Capital Projects	Total
$ 4,326	$ 142	$ 25,002	$ 2,794	$ 12,379	$ 2,662,282
108	91	-	3	-	3,127
-	-	-	123,408	-	123,408
-	-	-	12,500	-	12,500
$ 4,434	$ 233	$ 25,002	$ 138,705	$ 12,379	$ 2,801,317
$ -	$ -	$ -	$ -	$ 62,092	$ 62,092
-	-	-	-	-	110,093
-	-	-	12,500	-	12,500
-	-	-	12,500	62,092	184,685
-	-	-	-	935,793	935,793
-	-	25,002	-	-	2,283,121
4,434	233	-	-	-	257,019
-	-	-	126,205	(985,506)	(859,301)
4,434	233	25,002	126,205	(49,713)	2,616,632
$ 4,434	$ 233	$ 25,002	$ 138,705	$ 12,379	$ 2,801,317

Richmond Redevelopment Agency
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2003

	Low/Moderate 2000 TARB Debt Service	Pilot Debt Service	Harbor Gate Debt Service	Hensley Debt Service
REVENUES:				
Property taxes	$ -	$ 66,412	$ 323,398	$ 1,050,880
Investment income	4,342	318	2,279	1,983
Other	-	-	-	-
Total revenues	4,342	66,730	325,677	1,052,863
EXPENDITURES:				
Housing and redevelopment	-	-	-	-
Capital projects	-	-	-	-
Debt service:				
Principal	170,000	-	-	-
Interest and fiscal charges	729,749	7,293	-	-
Total expenditures	899,749	7,293	-	-
REVENUES OVER (UNDER) EXPENDITURES	(895,407)	59,437	325,677	1,052,863
OTHER FINANCING SOURCES (USES):				
Transfers in	3,553,526	-	-	-
Transfers out	(400,000)	(48,614)	(463,884)	(2,280,490)
Total other financing sources (uses)	3,153,526	(48,614)	(463,884)	(2,280,490)
Net change in fund balances	2,258,119	10,823	(138,207)	(1,227,627)
FUND BALANCES:				
Beginning of year, as previously reported	-	66,184	446,833	1,230,902
Prior period adjustments	-	(136,556)	-	-
Beginning of year, as restated	-	(70,372)	446,833	1,230,902
End of year	$ 2,258,119	$ (59,549)	$ 308,626	$ 3,275

Nevin Center Debt Service	North Richmond Debt Service	Wells Fargo Debt Service	Hensley Capital Projects	Redevelopment CIP Capital Projects	Total
$ 46,073	$ 42,745	$ -	$ -	$ -	$ 1,529,508
489	439	2	9	867	10,728
-	-	-	-	-	-
46,562	43,184	2	9	867	1,540,236
-	-	-	-	189,764	189,764
-	-	-	-	304,596	304,596
-	-	-	-	-	170,000
-	-	8,292	-	-	745,334
-	-	8,292	-	494,360	1,409,694
46,562	43,184	(8,290)	9	(493,493)	130,542
-	-	33,292	-	467,736	4,054,554
(124,004)	(118,155)	-	-	-	(3,435,147)
(124,004)	(118,155)	33,292	-	467,736	619,407
(77,442)	(74,971)	25,002	9	(25,757)	749,949
81,876	75,204	-	126,196	(23,956)	2,003,239
-	-	-	-	-	(136,556)
81,876	75,204	-	126,196	(23,956)	1,866,683
$ 4,434	$ 233	$ 25,002	$ 126,205	$ (49,713)	$ 2,616,632

This page intentionally left blank.

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 basic financial statements of the Richmond Redevelopment Agency (Agency) as of and for the year ended June 30, 2003, and have issued our report thereon dated November 21, 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 basic financial statements of the Agency are free of material misstatements, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement 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 basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the 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 the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Agency's Board, management, and the State Controller. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson

Oakland, California
November 21, 2003

Toll Free Ph: (877) 862-2200
Toll Free Fax: (866) 436-0927

Oakland
180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County
3184-D Airway Avenue
Costa Mesa, California 92626

Sacramento
777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego
600 "B" Street, Suite 1900
San Diego, California 92101

(THIS PAGE INTENTIONALLY LEFT BLANK)

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.

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 Secretary of the Richmond Joint Powers Financing Authority (the "Authority") and Clerk 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, 2006
Mindell Lewis Penn	Vice President / Vice Chair	November 17, 2004
Charles H. Belcher	Member / Member	November 17, 2004
Nathaniel Bates	Member / Member	November 17, 2004
Gary Bell	Member / Member	November 17, 2004
Thomas K. Butt	Member / Member	November 17, 2004
Richard L. Griffin	Member / Member	November 19, 2006
Jim Rogers	Member / Member	November 19, 2006
Maria Viramontes	Member / Member	November 17, 2006

Dated: October 28, 2004

RICHMOND JOINT POWERS FINANCING AUTHORITY AND RICHMOND REDEVELOPMENT AGENCY

Diane Holmes, Secretary/Clerk

SIGNATURE AND NO-LITIGATION CERTIFICATE
OF THE RICHMOND JOINT POWERS FINANCING AUTHORITY

We, the undersigned officers of the Richmond Joint Powers Financing Authority (the "Authority"), holding the respective offices set opposite our signatures below, do hereby certify that as of the date set forth below we officially caused to be signed and executed the following bonds:

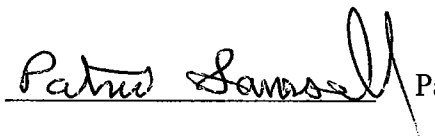
Title of Bonds:	Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable)
Principal Amount:	$15,000,000
Date of Bonds:	October 28, 2004
Said bonds mature on the dates and bear interest at the rates as set forth in the attached Schedule A.	
Title of Bonds:	Richmond Joint Powers Financing Authority, Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)
Principal Amount:	$2,000,000
Date of Bonds:	October 28, 2004
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 undersigned as Treasurer/Auditor of the Authority and as Secretary of the Authority, respectively.

We further certify 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.

We further certify that we delivered said bonds this date to Union Bank of California, N.A., as Trustee of the Authority pursuant to the Trust Agreement dated as of October 1, 2004.

Dated: October 28, 2004

Signature	Name	Official Title
	Patrick Samsell	Treasurer/Auditor of the Richmond Joint Powers Financing Authority
	Diane Holmes	Secretary of the Richmond Joint Powers Financing Authority

SCHEDULE A

$15,000,000
Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds,
Series 2004A (Taxable)

Principal Payment Date (September 1)	Principal Amount	Interest Rate	CUSIP(76443N)
2005	$ 260,000	2.450%	CR 3
2006	150,000	2.950	CS 1
2007	150,000	3.250	CT 9
2008	155,000	3.550	CU 6
2009	160,000	3.850	CV 4
2010	165,000	4.100	CW 2
2011	175,000	4.350	CX 0
2012	185,000	4.550	CY 8
2013	190,000	4.700	CZ 5
2014	200,000	4.750	DA 9
2015	210,000	4.850	DB 7
2020*	4,275,000	5.090	DC 5
2026*	8,725,000	5.440	DD 3

* Term Bond

SCHEDULE B

$2,000,000
Richmond Joint Powers Financing Authority
Housing Set-Aside Tax Allocation Revenue Bonds,
Series 2004B (Tax-Exempt)

Principal Payment Date (September 1)	Principal Amount	Interest Rate	CUSIP(76443N)
2005	$75,000	2.000%	DE 1
2006	65,000	2.000	DF 8
2007	65,000	2.250	DG 6
2008	70,000	2.500	DH 4
2009	70,000	2.750	DJ 0
2010	70,000	3.000	DK 7
2011	75,000	3.250	DL 5
2012	75,000	3.500	DM 3
2013	80,000	3.750	DN 1
2014	80,000	3.750	DP 6
2015	85,000	3.750	DQ 4
2019*	370,000	4.000	DR 2
2026*	820,000	4.625	DS 0

* Term Bond

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of October 1, 2004, 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 $15,000,000 aggregate principal amount of Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and its $2,000,000 aggregate principal amount of Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and, together with the Series 2004A Bonds, the "Bonds"). The Bonds are being issued pursuant to Resolution No. 04-02 of the Authority and Resolution No. 04-43 of the Agency, each adopted September 28, 2004, and a Trust Agreement, dated as of October 1, 2004 (the "Trust Agreement"), between the Authority and the Trustee. The Agency, the Dissemination Agent and the Trustee covenant and agree as follows:

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).

Definitions. In addition to the definitions set forth in the Trust Agreement and the Loan Agreements, dated as of October 1, 2004 (the "Loan Agreements"), 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.

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 2003-04 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 basic 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.

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 October 15, 2004, relating to the Bonds):

(e) Basic 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 basic 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 basic financial statements shall be filed in the same manner as the Annual Report when they become available.

(f) 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 – Merged Project Area;

3. Table 2 - Ten Major Property Tax Assessees – Merged Project Area;

4. Table 3 - Projection of Incremental Tax Revenue – Merged Project Area; and

5. Table 5 and 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.

Reporting of Significant Events.

(g) 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.

(h) 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.

(i) 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.

(j) 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).

(k) 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).

(l) 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

(m) 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.

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).

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.

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:

(n) 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;

(o) 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

(p) 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.

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.

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.

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.

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.

California Law. This Disclosure Agreement shall be constructed and governed in accordance with the laws of the State of California.

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
1401 Marina Way South
Richmond, California 94804
Attention: Executive Director
Fax: (510) 231-3047

(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.

[Remainder of Page Intentionally Left Blank]

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:_____
Executive Director

UNION BANK OF CALIFORNIA, N.A., as Trustee and Dissemination Agent

By:_____
Authorized Officer

ACKNOWLEDGMENT OF CONTINUING DISCLOSURE OBLIGATIONS

The undersigned, the Executive 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 2004A (Taxable) and the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (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 October 28, 2004 (the "Continuing Disclosure Agreement"), and Section 4 of Resolution No. 04-43 adopted by the Agency on September 28, 2004.

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 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: October 28, 2004

RICHMOND REDEVELOPMENT AGENCY

Steve Duran
Executive Director

CERTIFICATE OF THE RICHMOND REDEVELOPMENT AGENCY
PURSUANT TO SECTION 7(d)(6)
OF THE BOND PURCHASE CONTRACT

The undersigned, as Executive Director of the Richmond Redevelopment Agency (the "Agency"), is delivering this Certificate in accordance with Section 7(d)(6) of the Bond Purchase Contract dated October 15, 2004 (the "Bond Purchase Contract"), by and among the Agency, the Richmond Joint Powers Financing Authority (the "Authority"), RBC Dain Rauscher, as the Underwriter and Fannie Mae as the Placed Bonds Purchaser, providing for the sale and purchase of $15,000,000 principal amount of the Authority's Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and the $2,000,000 principal amount of its Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds"), and hereby certifies on behalf of the Agency that:

(a) The representations and warranties and covenants of the Agency contained in the Bond Purchase Contract 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 Contract required to be complied with by the Agency at or prior to the date hereof; and

(b) 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 Contract.

Dated: October 28, 2004.

RICHMOND REDEVELOPMENT AGENCY

By _____
Steve Duran
Executive Director

AUTHENTICATION CERTIFICATE OF THE TRUSTEE

Union Bank of California, N.A., as trustee (the "Trustee") under the Trust Agreement dated as of October 1, 2004 by and between the Trustee and the Richmond Joint Powers Financing Authority (the "Trust Agreement"), hereby certifies as follows:

(a) The Trustee authenticated $15,000,000 aggregate principal amount of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and $2,000,000 aggregate principal amount of the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B 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 2004A Bonds and the Series 2004B Bonds; and

(b) Each Series 2004A Bond and Series 2004B Bonds 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 2004A Bonds and the Series 2004B Bonds.

Dated: October 28, 2004.

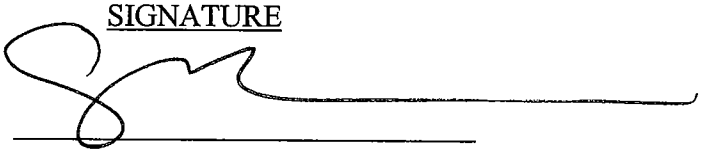
UNION BANK OF CALIFORNIA, N.A.,
as Trustee

By _____
Authorized Officer

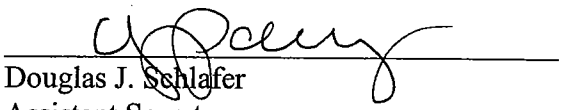
CERTIFICATE OF INCUMBENCY

I, Douglas J. Schlafer, 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 is true and correct specimen signature of said named employee and her signing authority 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 28th. day of October of 2004.



Douglas J. Schlafer
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 28th. day of October, 2004.

Douglas J. Schlafer
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

Figuchi

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

CERTIFICATE OF THE RICHMOND
JOINT POWERS FINANCING AUTHORITY PURSUANT
TO SECTION 7(d)(7) OF THE BOND PURCHASE CONTRACT

In respect of the issuance, sale and delivery of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) and the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt), the undersigned, as Treasurer/Auditor of the Richmond Joint Powers Financing Authority (the "Authority"), hereby certifies on behalf of the Authority as follows:

(a) The representations, warranties and covenants of the Authority contained in the Bond Purchase Contract dated as of October 15, 2004, by and among the Authority, the Richmond Redevelopment Agency, RBC Dain Rauscher, as the Underwriter and Fannie Mae as the Placed Bonds Purchaser (the "Bond Purchase Contract"), are true and correct in all material respects on and as of the date hereof as though made on the date hereof; and

(b) The Authority has complied with all of the terms and conditions of the Bond Purchase Contract 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 Contract.

Dated: October 28, 2004.

RICHMOND JOINT POWERS FINANCING AUTHORITY

Patrick Samsell
Treasurer/Auditor

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 October 1, 2004, by and between the Trustee and the Richmond Joint Powers Financing Authority (the "Authority") providing for the issuance, sale and delivery of the $15,000,000 aggregate principal amount of the Authority's Tax Allocation Revenue Bonds, Series 2004A (Taxable) and the $2,000,000 aggregate principal amount of the Authority's Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt), hereby certifies as follows:

(1) 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 October 1, 2004 by and between the Trustee and the Richmond Joint Powers Financing Authority (the "Trust Agreement").

(2) The Trustee is duly authorized to enter into the Trust Agreement.

(3) 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: October 28, 2004

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

By_____
Authorized Officer

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 Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt), in the aggregate principal amount of $2,000,000 (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 October 1, 2004, by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"), Section 5.06 of the Loan Agreement (Housing), dated as of October 1, 2004, 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") and Fannie Mae (the "Placed Bonds Purchaser") 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 proceeds of the Bonds will be used to (i) finance certain low and moderate income housing activities of the Agency (the "Project"), (ii) fund the reserve account for the Bonds, and (iii) pay certain costs related to the issuance of the Bonds including a premium for a financial guaranty insurance policy (the "Insurance") to be provided by the XL Capital Assurance Inc. (the "Insurer").

1.5 Single/Separate Issue. All the Bonds were sold to the Underwriter and the Placed Bonds Purchaser on October 15, 2004 (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 2004A (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 2004B 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 2004B 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 October 28, 2005, (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 2004B 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 less the net original issue discount of $1,507.70, or $1,998,492.30.

"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 Agency 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 Agency 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 Agency 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 Agency 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 Agency represent, warrant and covenant that neither the Authority nor any person who is a related person to the Authority (including the Agency) 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 Agency 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 Agency 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 Agency 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 Agency 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 Agency 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 Agency) 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 Agency 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 Agency 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 Agency 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 Agency 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 Agency 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 Agency 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 2004B Principal Account, the Series 2004B Interest Account and the Series 2004B Reserve Account within the Series 2004B 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 Agency 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 Agency 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 Agency 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 Agency 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 Agency 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 Agency 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 February 15, 2005.

2.8 No Pooling. The Agency 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 Agency and the Authority reasonably expect that more than 85% of Net Sale Proceeds will be expended for governmental purposes of the Bonds before October 28, 2007. The Agency 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 October 28, 2005, and that at least 30% of the Net Sale Proceeds will be expended for governmental purposes of the Bonds before October 28, 2006. 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 Agency and the Authority with respect to the amounts and uses of the proceeds of the Bonds and certain other funds. The expectations of the Agency 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 Agency 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. (a) The Authority is delivering the Bonds identified on Exhibit A hereto (the "Underwritten Bonds") to the Underwriter on the date hereof in exchange for payment of the Sale Proceeds, less the underwriter's discount of $14,750.00. Based upon the advice of the Underwriter (contained in Exhibit A hereto), the Underwritten 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.

(b) The Authority is delivering all other Bonds (the "Placed Bonds") to the Placed Bonds Purchaser for its own account on the date hereof in exchange for payment of the balance of the Sale Proceeds ($820,000.00). The Placed Bonds Purchaser is paying the Underwriter a placement agent fee ($10,250.00) in connection with the sale of the Placed Bonds to the Placed Bond Purchaser. As of the date hereof the Placed Bonds Purchaser has no intention of offering the Placed Bonds to the public or otherwise disposing of the Placed Bonds as represented by the Placed Bonds Purchaser in Exhibit B hereto.

3.3 Sale Proceeds. The Authority will cause the Sale Proceeds, less an underwriter's discount of $14,750.00, less the placement agent fee of $10,250.00, less the premium for the Insurance of $16,658.36, to be used or deposited as follows:

Series 2004B Project Account	$1,734,164.25
Series 2004B Reserve Account	199,963.81
Costs of Issuance Fund	22,705.88
	$1,956,833.94

3.4 Investment Proceeds. Investment Proceeds earned on amounts in all funds and accounts established for the Bonds (except the Series 2004B Reserve Account) are retained in each respective fund or account. Investment Proceeds earned on amounts in the Series 2004B Reserve Account are transferred to the Series 2004B Revenue Fund.

3.5 Funds and Accounts. Pursuant to the Trust Agreement, the Authority has established or will establish the following funds and accounts:

Series 2004B Revenue Fund

Series 2004B Principal Account
Series 2004B Interest Account
Series 2004B Reserve Account
Costs of Issuance Fund
Series 2004B Rebate Fund
Series 2004B Project Account

The Authority, the Agency or any other person benefiting from the issuance of the Bonds will not use any fund or account other than the Series 2004B Revenue Fund, the Series 2004B Interest Account and Series 2004B 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 2004B Reserve Account within the Series 2004B 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 Agency or any related person will not use any proceeds of the Bonds directly or indirectly to replace funds of the Authority, the Agency 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 $1,734,164.25 will be transferred to the Agency 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 Agency on capital projects. The Authority and the Agency 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 October 28, 2007. The Authority and the Agency 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 Agency for the Project and amounts deposited in the Costs of Issuance Fund will be invested without regard to yield through October 28, 2007. Any amounts leftover from the transfer to the Agency for the Project, plus Investment Proceeds thereon, and in the Costs of Issuance Fund after October 28, 2007 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 2004B 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 Agency will deposit in the Housing Fund of the Agency all Revenues. Such Revenues will exceed debt service on the Bonds during each payment period, and all amounts transferred from the Housing Fund to the Series 2004B Revenue Fund for the payment of debt service will be from current receipts.

3.10.3 Match Between Revenues and Debt Service. The Series 2004B Revenue Fund (to the extent moneys in the fund are transferred to the Series 2004B Interest Account and Series 2004B Principal Account), the Series 2004B Interest Account and the Series 2004B 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 [RESERVED].

3.12 Series 2004B Reserve Account. As reflected in Exhibit A hereto, the Underwriter has advised that the funding of the Series 2004B Reserve Account (the "Reserve Account") with the proceeds of the Bonds 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 2004B 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 2004B 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 2004B 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 2004B 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 2004B Rebate Fund. A special fund designated the Series 2004B Rebate Fund is hereby established. The Trustee is hereby required to keep the Series 2004B Rebate Fund separate and apart from all other funds and monies held by it and to administer the Series 2004B 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 2004B 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 2004B 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 2004B Rebate Fund. Amounts in the Series 2004B 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 $1,956,833.94, 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 and the Placed Bonds Purchaser in Exhibit B 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 ____%.

3.15 Qualified Guarantee. In computing the yield on the Bonds as described above, the amount of the premium for the Insurance is treated as a qualified guarantee payment with respect to the Bonds. This is based upon the representations of the Underwriter, the Placed Bonds Purchaser and the Insurer (set forth in certificates attached hereto as Exhibit A, Exhibit B and Exhibit C, respectively) that the premium for the Insurance does 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 exceeds the present value of the premium for the Insurance. The Authority believes that such fees are reasonable. The premium for the Insurance does 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 2004B Reserve Account, plus (B) any Sale Proceeds or Investment Proceeds (but excluding amounts held in the Series 2004B Reserve Account) remaining unexpended after October 28, 2007, 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, 2026, the last scheduled maturity of the Bonds.

IV.

REBATE

4.1 Undertakings; Records from the Agency. 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 Agency acknowledges that the Authority has primary responsibility for complying with the rebate covenants set forth in Article IV herein, even though the Agency will spend and have control over a portion of the Bond proceeds. In such connection, the Agency 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 2004B 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: October 28, 2004.

RICHMOND JOINT POWERS
FINANCING AUTHORITY

By Patrick Lamsdell
Treasurer/Controller

RICHMOND REDEVELOPMENT
AGENCY

By Steve Duran
Executive Director

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 Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Bonds") in the aggregate principal amount of $2,000,000, and hereby certify and represent the following:

A. Issue Price.

1. As of October 15, 2004 (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 4.300962%.

C. Series 2004B 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 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 the Insurance to be provided by the XL Capital Assurance Inc. with respect to the Bonds, does not exceed the present value of the interest expected to be saved as a result of the Insurance. The premium charged for the Insurance does not exceed a reasonable, arm's length charge for the transfer of credit risk.

Dated: October 28, 2004.

RBC DAIN RAUSCHER INC.

By_____
Authorized Representative

SCHEDULE TO EXHIBIT A

$2,000,000

RICHMOND JOINT POWERS FINANCING AUTHORITY

Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)

Maturity	Principal	Coupon	Yield	Price
09/01/2005	$ 75,000.00	2.000%	1.600%	100.332%
09/01/2006	65,000.00	2.000	1.900	100.179
09/01/2007	65,000.00	2.250	2.000	100.686
09/01/2008	70,000.00	2.500	2.250	100.913
09/01/2009	70,000.00	2.750	2.600	100.676
09/01/2010	70,000.00	3.000	2.950	100.264
09/01/2011	75,000.00	3.250	3.150	100.608
09/01/2012	75,000.00	3.500	3.350	101.023
09/01/2013	80,000.00	3.750	3.500	101.883
09/01/2014	80,000.00	3.750	3.600	101.230
09/01/2015	85,000.00	3.750	3.750	100.000
09/01/2019	370,000.00	4.000	4.180	98.019
Total	**$1,180,000.00**			

EXHIBIT B

CERTIFICATE OF FANNIE MAE

The undersigned, on behalf of Fannie Mae, as purchaser ("Placed Bond Purchaser") of $820,000.00 of Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) maturing on September 1, 2026 (the "Bonds"), sold by the Richmond Joint Powers Financing Authority (the "Authority") pursuant to a Bond Purchase Contract on October 15, 2004 (the "Sale Date"), hereby certifies and represents the following

1. We are purchasing the Bonds on the Sale Date at the prices or yields set forth on the cover of the Official Statement.

2. We are unrelated to the Authority and have purchased the Bonds in an arm's length transaction while under no compulsion to buy.

3. As of the Sale Date, the Purchaser had no present intention of offering the Bonds for resale or otherwise disposing of the Bonds or any part thereof; provided, however, that the disposition of the Bonds shall at all times remain within the Placed Bond Purchaser's control.

Dated: October 28, 2004.

FANNIE MAE, as Placed Bond Purchaser

By _____
Authorized Officer

EXHIBIT C

CERTIFICATE OF XL CAPITAL ASSURANCE INC.

[Attached]

BOND INSURER'S CERTIFICATE

In connection with the issuance of $17,000,000 Richmond Joint Powers Financing Authority, California Consisting of: $15,000,000 Tax Allocation Revenue Bonds, Series 2004A (Taxable) and $2,000,000 Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Bonds"), **XL Capital Assurance Inc.** (the "Bond Insurer") is issuing a municipal bond insurance policy (the "Insurance Policy") guaranteeing the payment of principal and interest when due on the Bonds, all as more fully set forth in the Insurance Policy.

On behalf of Bond Insurer, the undersigned hereby certifies that:

(i) the Insurance Policy is an unconditional and recourse obligation of the Bond Insurer (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled payments of interest on and principal of the Bonds in the event of a failure to do so by Richmond Joint Powers Financing Authority, California (the "Issuer");

(ii) the insurance premium in the amount of $153,989.57 (Series A) and $16,658.36 (Series B) was determined in arm's length negotiation in accordance with our standard procedures, is required to be paid as a condition to the issuance of the Insurance Policy and represents a reasonable charge for the transfer of credit risk;

(iii) no portion of such premium represents payment for any direct or indirect services other than the transfer of credit risk, including costs of underwriting the Bonds or a cost, risk, or element that is not customarily borne by the Bond Insurer;

(iv) we are not co-obligors on the Bonds and do not reasonably expect that we will be called upon to make any payment under the Insurance Policy; and

(v) the Issuer is not entitled to a refund of any portion of premium for the Insurance Policy in the event that the Bonds are retired prior to their stated maturities.

IN WITNESS WHEREOF, the Bond Insurer has caused this certificate to be executed in its name on the 28th day of October, 2004 by one of its officers duly authorized as of such date.

XL Capital Assurance Inc.

By: _____
Name: William J. Rizzo
Title: Associate General Counsel

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 October 1, 2004 between the Trustee and the Richmond Joint Powers Financing Authority (the "Authority"):

1. Pursuant to the Trust Agreement, the Authority has caused its Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") in the aggregate principal amount of $15,000,000 and its Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) in the aggregate principal amount of $2,000,000 (the Series 2004A Bonds and the Series 2004B 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 2004A Bonds and the Series 2004B Bonds, in their respective fully registered forms, as requested by RBC Dain Rauscher, the Underwriter, by executing the Certificate of Authentication appearing thereon, and, on the date set forth below, to deliver said $15,000,000 principal amount of Series 2004A Bonds and $2,000,000 principal amount of the Series 2004B Bonds, upon payment to you of the following purchase prices:

	Series 2004A Bonds	**Series 2004B Bonds**	**Total**
	Underwritten Bonds	**Underwritten Bonds**	
Principal Amount	$8,840,000.00	$1,180,000.00	$10,020,000.00
Less Original Issue Discount)	(1,568.75)	(1,507.70)	(3,076.45)
Less Underwriter's Discount	(110,500.00)	(14,750.00)	(125,250.00)
Less Placement Agent Fee	(77,000.00)	(10,250.00)	(87,250.00)
Less Insurance Premium wired to the Insurer	(153,989.57)	(16,658.36)	(170,647.93)
Purchase Price wired to the Trustee	$8,496,941.68	$1,136,833.94	$9,633,775.62
	Placed Bonds	**Placed Bonds**	
Principal Amount	$6,160,000.00	$820,000.00	$6,980,000.00
TOTAL RECEIVED BY TRUSTEE	**$14,656,941.68**	**$1,956,833.94**	**$16,613,775.62**

2. You are hereby further requested, as Trustee, pursuant to Section 2.11 of the Trust Agreement, to deposit the amount of $16,613,775.62 received by you on the date hereof in the following accounts:

(a) the sum of $1,499,728.55 representing the Series 2004A Reserve Account Requirement deposited in the Series 2004A Revenue Fund;

(b) the sum of $199,963.81 representing the Series 2004B Reserve Account Requirement deposited in the Series 2004B Reserve Fund;

(c) the amount of $193,000.00 to pay the Costs of Issuance for the Bonds (representing the total of Costs of Issuance for the Series 2004A Bonds in the amount of $170,294.12 and the Costs of Issuance for the Series 2004B Bonds in the amount of $22,705.88) deposited in the Costs of Issuance Fund;

(d) the amount of $2,289,431.62 deposited in the Series 2004A Non-Housing Project Account pursuant to the Loan Agreement;

(e) the amount of $4,330,455.99 deposited in the Series 2004A Housing Project Account pursuant to the Loan Agreement;

(f) the amount of $1,734,164.25 deposited in the Series 2004B Project Account pursuant to the Loan Agreement; and

(g) the amount of $6,367,031.40 from the proceeds of the Series 2004A Bonds to the City of Richmond in full and final payment of the Prior City Obligations.

3. The Trustee is hereby authorized and directed to invest the bond proceeds deposited in the funds and accounts in the investments as specified in Schedule I attached hereto and incorporated herein.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Trust Agreement.

Dated: October 28, 2004.

RICHMOND JOINT POWERS FINANCING AUTHORITY

By _____
Patrick Samsell
Treasurer/Auditor

TRUSTEE'S CERTIFICATE OF DEPOSIT AND RECEIPT

Union Bank of California, N.A., San Francisco, California, as Trustee (the "Trustee") under the Trust Agreement (the "Trust Agreement"), dated as of October 1, 2004 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 2004A (Taxable) (the "Series 2004A Bonds") and its Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds"), hereby certifies that:

(1) On the date set forth below it did receive from RBC Dain Rauscher, as the Underwriter, the purchase price of the following securities:

(A)

Title of Bonds:	Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable)
Principal Amount (Underwritten Bonds):	$8,840,000.00
Date of Bonds:	October 28, 2004

Said purchase price was represented by the Underwriter to be computed as follows:

Principal Amount	$8,840,000.00
Less Original Issue Discount	(1,568.75)
Less Underwriter's Discount	(187,500.00)
Less Insurance Premium wired to Insurer	(153,989.57)
Total Series 2004A Underwritten Bond Proceeds received by Trustee	$8,496,941.68

(B)

Title of Bonds:	Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)
Principal Amount (Underwritten Bonds):	$1,180,000
Date of Bonds:	October 28, 2004

Said purchase price was represented by the Underwriter to be computed as follows:

Principal Amount	$1,180,000.00
Less Original Issue Discount	(1,507.70)
Less Underwriter's Discount	(25,000.00)
Less Insurance Premium wired to Insurer	(16,658.36)
Total Series 2004B Bond Underwritten Proceeds received by Trustee	$1,136,833.94

(2) On the date set forth below it did receive from Fannie Mae, as the Placed Bonds Purchaser, the par amount of the following securities:

(A)

Title of Bonds:	Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004A (Taxable)
Principal Amount (Underwritten Bonds):	$6,160,000.00
Date of Bonds:	October 28, 2004

(B)

Title of Bonds:	Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)
Principal Amount (Underwritten Bonds):	$820,000.00
Date of Bonds:	October 28, 2004

(3) On the date hereof it deposited from the proceeds of the sale of the $15,000,000 aggregate principal amount of the Series 2004A Bonds and the $2,000,000 aggregate principal amount of the Series 2004B Bonds:

(a) the sum of $1,499,728.55 representing the Series 2004A Reserve Account Requirement deposited in the Series 2004A Reserve Fund;

(b) the sum of $199,963.81 representing the Series 2004B Reserve Account Requirement deposited in the Series 2004B Reserve Fund;

(c) the amount of $193,000.00 to pay the Costs of Issuance for the Bonds (representing the total of Costs of Issuance for the Series 2004A Bonds in the amount of $170,294.12 and the Costs of Issuance for the Series 2004B Bonds in the amount of $22,705.88) deposited in the Costs of Issuance Fund;

(d) the amount of $2,289,431.62 deposited in the Series 2004A Non-Housing Project Account pursuant to the Loan Agreement;

(e) the amount of $4,330,455.99 deposited in the Series 2004A Housing Project Account pursuant to the Loan Agreement;

(f) the amount of $1,734,164.25 deposited in the Series 2004B Project Account pursuant to the Loan Agreement; and

(g) the amount of $6,367,031.40 from the proceeds of the Series 2004A Bonds to the City of Richmond in full and final payment of the Prior City Obligations.

[Remainder of Page Intentionally Left Blank]

(4) The Trustee hereby further certifies that, on the date hereof, it will invest the amounts deposited in the above funds and accounts in accordance with the Written Request of the Authority.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Trust Agreement.

Dated: October 28, 2004.

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

By _____
Authorized Officer

FISCAL CONSULTANT CERTIFICATE

$15,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
Tax Allocation Revenue Bonds, Series 2004A (Taxable)

$2,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)

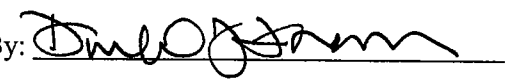
The undersigned hereby states and certifies:

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 attributed to Fraser & Associates contained in the sections of the Official Statement entitled "THE AGENCY," "THE MERGED 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: October 28, 2004

FRASER & ASSOCIATES,
as fiscal consultant

By: 

RECEIPT FOR BONDS

The undersigned, as Underwriter of the bonds hereinafter described, does hereby certify that on the date set forth below he did receive the following securities:

(A) Title of Bonds: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable)

Principal Amount: $8,840,000

Date of Bonds: October 28, 2004

Said bonds mature on the dates and bear interest at the rates as set forth in the following schedule:

Maturity	Principal	Coupon	Yield	Price
09/01/2005	$ 260,000.00	2.450%	2.490%	99.965%
09/01/2006	150,000.00	2.950	2.970	99.962
09/01/2007	150,000.00	3.250	3.270	99.943
09/01/2008	155,000.00	3.550	3.560	99.961
09/01/2009	160,000.00	3.850	3.860	99.952
09/01/2010	165,000.00	4.100	4.110	99.944
09/01/2011	175,000.00	4.350	4.360	99.936
09/01/2012	185,000.00	4.550	4.550	100.000
09/01/2013	190,000.00	4.700	4.710	99.922
09/01/2014	200,000.00	4.750	4.780	99.760
09/01/2015	210,000.00	4.850	4.870	99.826
09/01/2020	2,140,000.00	5.090	5.090	100.000
09/01/2026	4,700,000.00	5.440	5.440	100.000
Total	**$ 8,840,000.00**			

(B) Title of Bonds: Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)

Principal Amount: $1,180,000

Date of Bonds: October 28, 2004

Said bonds mature on the dates and bear interest at the rates as set forth in the following schedule:

Maturity	Principal	Coupon	Yield	Price
09/01/2005	$ 75,000.00	2.000%	1.600%	100.332%
09/01/2006	65,000.00	2.000	1.900	100.179
09/01/2007	65,000.00	2.250	2.000	100.686
09/01/2008	70,000.00	2.500	2.250	100.913
09/01/2009	70,000.00	2.750	2.600	100.676
09/01/2010	70,000.00	3.000	2.950	100.264
09/01/2011	75,000.00	3.250	3.150	100.608
09/01/2012	75,000.00	3.500	3.350	101.023
09/01/2013	80,000.00	3.750	3.500	101.883
09/01/2014	80,000.00	3.750	3.600	101.230
09/01/2015	85,000.00	3.750	3.750	100.000
09/01/2019	370,000.00	4.000	4.180	98.019
Total	**$1,180,000.00**			

The undersigned hereby acknowledges receipt of all documents required by Section 7(d) of the Bond Purchase Contract.

Dated: October 28, 2004.

RBC DAIN RAUSCHER, as Underwriter

By _____
Authorized Representative

RECEIPT FOR BONDS

The undersigned, as Purchaser of the bonds hereinafter described, does hereby certify that on the date set forth below (s)he did receive the following securities:

(A) Title of Bonds: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable)

Principal Amount: $6,160,000

Date of Bonds: October 28, 2004

Said bonds mature on the dates and bear interest at the rates as set forth in the following schedule:

Maturity	Principal	Coupon	Yield	Price
09/01/2020	$ 2,135,000.00	5.090%	5.090%	100.000%
09/01/2026	4,025,000.00	5.440	5.440	100.000
Total	**$ 6,160,000.00**			

(B) Title of Bonds: Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)

Principal Amount: $820,000

Date of Bonds: October 28, 2004

Maturity	Principal	Coupon	Yield	Price
09/01/2026	$ 820,000.00	4.625%	4.625%	100.000%

The undersigned hereby acknowledges receipt of all documents required by Section 7(d) of the Bond Purchase Contract.

Dated: October 28, 2004.

FANNIE MAE, as Placed Bond Purchaser

By _____
Authorized Officer

$15,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2004A (TAXABLE)

$2,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BONDS, SERIES 2004B (TAX-EXEMPT)

Requisition No. 1

To: UNION BANK OF CALIFORNIA, N.A., as Trustee (the "Trustee") under the Trust Agreement dated as of October 1, 2004, between the Trustee and the Richmond Joint Powers Financing Authority (the "Trust Agreement").

You are hereby authorized and directed, pursuant to Section 2.11(c) 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: October 28, 2004

RICHMOND JOINT POWERS FINANCING AUTHORITY

Patrick Samsell
Treasurer/Auditor

EXHIBIT A

Payee	Amount	Purpose
Bond/Disclosure Counsel	$127,500.00	Bond/Disclosure Counsel Fee
Bond/Disclosure	795.00	Bond/Disclosure Counsel Out of Pocket Expenses
Tax Consultant	19,645.00	Tax Consultant Fee
Standard & Poor's	13,000.00	Rating Agency Fee
Fitch	3,500.00	Rating Agency Fee
Printing	15,000.00	Printing Fee
Trustee & Trustee Counsel	5,258.00	Trustee & Trustee Counsel Fee
California Municipal Statistics Inc.	400.00	Debt statement

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-1 $260,000

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
2.450%	September 1, 2005	October 28, 2004	76443N CR 3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: TWO HUNDRED SIXTY THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-2 $150,000

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
2.950%	September 1, 2006	October 28, 2004	76443N CS 1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ONE HUNDRED FIFTY THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-3 $150,000

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
3.250%	September 1, 2007	October 28, 2004	76443N CT 9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ONE HUNDRED FIFTY THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-4 $155,000

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
3.550%	September 1, 2008	October 28, 2004	76443N CU 6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ONE HUNDRED FIFTY-FIVE THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-5 $160,000

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
3.850%	September 1, 2009	October 28, 2004	76443N CV 4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ONE HUNDRED SIXTY THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-6 $165,000

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
4.100%	September 1, 2010	October 28, 2004	76443N CW 2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ONE HUNDRED SIXTY-FIVE THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-7 $175,000

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
4.350%	September 1, 2011	October 28, 2004	76443N CX 0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ONE HUNDRED SEVENTY-FIVE THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-8 $185,000

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
4.550%	September 1, 2012	October 28, 2004	76443N CY 8

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ONE HUNDRED EIGHTY-FIVE THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-9 $190,000

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
4.700%	September 1, 2013	October 28, 2004	76443N CZ 5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ONE HUNDRED NINETY THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-10 $200,000

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
4.750%	September 1, 2014	October 28, 2004	76443N DA 9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: TWO HUNDRED THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-11 $210,000

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
4.850%	September 1, 2015	October 28, 2004	76443N DB 7

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: TWO HUNDRED TEN THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-12 $4,275,000

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
5.090%	September 1, 2020	October 28, 2004	76443N DC 5

SPECIMEN

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2004A (TAXABLE)

No. R-13 $8,725,000

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
5.440%	September 1, 2026	October 28, 2004	76443N DD 3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: EIGHT MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND AND 00/100 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 Series 2004A 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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

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 2004A (Taxable)" (the "Bonds") in aggregate principal amount of fifteen million dollars ($15,000,000) 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 October 1, 2004, 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. 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 made by the Richmond Redevelopment Agency (the "Agency"), and certain interest or other investment income, pursuant to the Loan Agreement (Non Housing) and Loan Agreement (Housing), each dated as of October 1, 2004 (the "Loan Agreements"), 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 of Richmond 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 Agreements. 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 Agreements and the Trust Agreement.

SPECIMEN

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.

STATEMENT OF INSURANCE

XL Capital Assurance Inc. ("XLCA"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to Union Bank of California, N.A., or its successor, as Trustee (the "Trustee") for the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) and the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt). Said Policy is on file and available for inspection at the principal office of the Trustee and a copy thereof may be obtained from XLCA or the Trustee.

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

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on October 28, 2004.

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

By _____
Authorized Signatory

SPECIMEN

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: _____

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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-1 $75,000

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
2.000%	September 1, 2005	October 28, 2004	76443N DE 1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SEVENTY FIVE THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-2 $65,000

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
2.000%	September 1, 2006	October 28, 2004	76443N DF 8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SIXTY FIVE THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-3 $65,000

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
2.250%	September 1, 2007	October 28, 2004	76443N DG 6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SIXTY FIVE THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-4 $70,000

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
2.500%	September 1, 2008	October 28, 2004	76443N DH 4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SEVENTY THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-5 $70,000

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
2.750%	September 1, 2009	October 28, 2004	76443N DJ 0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SEVENTY THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-6 $70,000

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
3.000%	September 1, 2010	October 28, 2004	76443N DK 7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SEVENTY THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-7 $75,000

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
3.250%	September 1, 2011	October 28, 2004	76443N DL 5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SEVENTY-FIVE THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-8 $75,000

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
3.500%	September 1, 2012	October 28, 2004	76443N DM 3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SEVENTY-FIVE THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-9 $80,000

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
3.750%	September 1, 2013	October 28, 2004	76443N DN 1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: EIGHTY THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-10 $80,000

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
3.750%	September 1, 2014	October 28, 2004	76443N DP 6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: EIGHTY THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-11 $85,000

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
3.750%	September 1, 2015	October 28, 2004	76443N DQ 4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: EIGHTY-FIVE THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-12 $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.

SPECIMEN

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000 %	September 1, 2019	October 28, 2004	76443N DR 2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: THREE HUNDRED SEVENTY THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BOND
SERIES 2004B (TAX EXEMPT)

No. R-13 $820,000

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, 2026	October 28, 2004	76443N DS 0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: EIGHT HUNDRED TWENTY THOUSAND AND 00/100 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, 2005 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, 2005 and semiannually thereafter on each March 1 and September 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 2004B (Tax-Exempt)" (the "Bonds") in aggregate principal amount of two million dollars ($2,000,000) 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 October 1, 2004, 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. 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 made by the Richmond Redevelopment Agency (the "Agency"), and certain interest or other investment income pursuant to the Loan Agreement (Housing), dated as of October 1, 2004 (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 of Richmond 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.

SPECIMEN

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.

SPECIMEN

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

XL Capital Assurance Inc. ("XLCA"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to Union Bank of California, N.A., or its successor, as Trustee (the "Trustee") for the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) and the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt). Said Policy is on file and available for inspection at the principal office of the Trustee and a copy thereof may be obtained from XLCA or the Trustee.

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

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on October 28, 2004.

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

By _____
Authorized Signatory

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.

XL CAPITAL ASSURANCE

1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 478-3400

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Richmond Joint Powers Financing Authority, California

Policy No: CA01290A

Effective Date: October 28, 2004

BONDS: $17,000,000 Consisting of: $15,000,000 Tax Allocation Revenue Bonds, Series 2004A (Taxable) and $2,000,000 Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)

XL Capital Assurance Inc. (XLCA), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy (which includes each endorsement attached hereto), hereby agrees unconditionally and irrevocably to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the benefit of the Owners of the Bonds or, at the election of XLCA, to each Owner, that portion of the principal and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment.

XLCA will pay such amounts to or for the benefit of the Owners on the later of the day on which such principal and interest becomes Due for Payment or one (1) Business Day following the Business Day on which XLCA shall have received Notice of Nonpayment (provided that Notice will be deemed received on a given Business Day if it is received prior to 10:00 a.m. Pacific time on such Business Day; otherwise it will be deemed received on the next Business Day), but only upon receipt by XLCA, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in XLCA. Upon such disbursement, XLCA shall become the owner of the Bond, any appurtenant coupon to the Bond or the right to receipt of payment of principal and interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by XLCA hereunder. Payment by XLCA to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of XLCA under this Policy.

In the event the Trustee or Paying Agent has notice that any payment of principal or interest on a Bond which has become Due for Payment and which is made to an Owner by or on behalf of the Issuer of the Bonds has been recovered from the 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, such Owner will be entitled to payment from XLCA to the extent of such recovery if sufficient funds are not otherwise available.

The following terms shall have the meanings specified for all purposes of this Policy, except to the extent such terms are expressly modified by an endorsement to this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of California, the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity, unless XLCA shall elect, in its sole discretion, to pay such principal due upon such acceleration; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or Paying Agent for payment in full of all principal and interest on the Bonds which are Due for Payment. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to XLCA which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of

Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

XLCA may, by giving written notice to the Trustee and the Paying Agent, appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy. From and after the date of receipt by the Trustee and the Paying Agent of such notice, which shall specify the name and notice address of the Insurer's Fiscal Agent, (a) copies of all notices required to be delivered to XLCA pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to XCLA and shall not be deemed received until received by both and (b) all payments required to be made by XLCA under this Policy may be made directly by XLCA or by the Insurer's Fiscal Agent on behalf of XLCA. The Insurer's Fiscal Agent is the agent of XLCA only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of XLCA to deposit or cause to be deposited sufficient funds to make payments due hereunder.

Except to the extent expressly modified by an endorsement hereto, (a) this Policy is non-cancelable by XLCA, and (b) the Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Bond, other than at the sole option of XLCA, nor against any risk other than Nonpayment. This Policy sets forth the full undertaking of XLCA and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto.

IN THE EVENT THAT XLCA WERE TO BECOME INSOLVENT, ANY CLAIMS ARISING UNDER THIS POLICY ARE NOT COVERED BY THE CALIFORNIA GUARANTY INSURANCE FUND SPECIFIED IN ARTICLE 12119(b) OF THE CALIFORNIA INSURANCE CODE.

In witness whereof, XLCA has caused this Policy to be executed on its behalf by its duly authorized officers.

Name: William J. Rizzo
Title: Associate General Counsel

Name: Henri N. Gourd
Title: Managing Director

BOND INSURER'S CERTIFICATE

In connection with the issuance of $17,000,000 Richmond Joint Powers Financing Authority, California Consisting of: $15,000,000 Tax Allocation Revenue Bonds, Series 2004A (Taxable) and $2,000,000 Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Bonds"), **XL Capital Assurance Inc.** (the "Bond Insurer") is issuing a municipal bond insurance policy (the "Insurance Policy") guaranteeing the payment of principal and interest when due on the Bonds, all as more fully set forth in the Insurance Policy.

On behalf of Bond Insurer, the undersigned hereby certifies that:

(i) the Insurance Policy is an unconditional and recourse obligation of the Bond Insurer (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled payments of interest on and principal of the Bonds in the event of a failure to do so by Richmond Joint Powers Financing Authority, California (the "Issuer");

(ii) the insurance premium in the amount of $153,989.57 (Series A) and $16,658.36 (Series B) was determined in arm's length negotiation in accordance with our standard procedures, is required to be paid as a condition to the issuance of the Insurance Policy and represents a reasonable charge for the transfer of credit risk;

(iii) no portion of such premium represents payment for any direct or indirect services other than the transfer of credit risk, including costs of underwriting the Bonds or a cost, risk, or element that is not customarily borne by the Bond Insurer;

(iv) we are not co-obligors on the Bonds and do not reasonably expect that we will be called upon to make any payment under the Insurance Policy; and

(v) the Issuer is not entitled to a refund of any portion of premium for the Insurance Policy in the event that the Bonds are retired prior to their stated maturities.

IN WITNESS WHEREOF, the Bond Insurer has caused this certificate to be executed in its name on the 28th day of October, 2004 by one of its officers duly authorized as of such date.

XL Capital Assurance Inc.

By: _____
Name: William J. Rizzo
Title: Associate General Counsel

STANDARD
&POOR'S

Vincent S. Orgo
Administrative Officer
55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2074
vincent_orgo@standardandpoors.com

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.: 40154623
40154622

October 28, 2004

XL Capital Assurance, Inc.
1221 Avenue of the Americas
New York, NY 10020-1001
Attention: Mr. Henri N. Gourd, Managing Director

Re: ***$17,000,000 Richmond Joint Powers Financing Authority, California, consisting of: $15,000,000 Tax Allocation Revenue Bonds, Series 2004A, (Taxable), dated: October 28, 2004, Serial Bonds due: September 1, 2005-2015; Term Bonds due: September 1, 2020 and 2026; and $2,000,000 Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B, (Tax-Exempt), dated: October 28, 2004, Serial Bonds due: September 1, 2005-2015; Term Bonds due: September 1, 2019 and 2026, (POLICY #CA01290A)***

Dear Mr. Gourd:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "A-". 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

By: Vincent S. Orgo
Administrative Officer

ms

STANDARD
&POOR'S

FitchRatings

1201 East 7th Street
Powell, WY 82435

T 307 754 2012 / 800 853 4824
www.fitchratings.com

Mr. Henri Gourd
XL Capital Assurance Inc.
1221 Avenue of The Americas
New York, NY 10020-1001
October 27, 2004

Dear Mr. Gourd:

Re: Richmond Joint Powers Financing Authority, California
$17,000,000 Consisting of: $15,000,000 Tax Allocation Revenue Bonds, Series 2004A (Taxable) and $2,000,000 Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)
(CA01290A)

Fitch 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 XL Capital Assurance Inc. which has an insurer financial strength rating of 'AAA'. Fitch 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 are based on information provided to us by XL Capital Assurance Inc.. Fitch 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 XL Capital Assurance Inc. may be changed, withdrawn, suspended, or placed on RatingWatch as a result of changes in the financial condition of XL Capital Assurance Inc.. 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,

Dey Lynn Stebner

Dey Lynn Stebner
Manager / Insured Ratings

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.: ____

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]

RECEIVED
04 AUG 17 AM 9:10
CALIFORNIA DEBT
INVESTMENT COMMISSION

ISSUER NAME: Richmond Joint Powers Financing Authority

ISSUE NAME: Tax Allocation Revenue Bonds Series 2004A (Taxable), Housing Set-Aside Tax Allocation Revenue Bonds Series 2004B (Tax-Exempt), and Housing Set-Aside Tax Allocation Bonds Series 2004B-T (Taxable)

Please specify type/name of project: Tax Allocation Revenue Bonds

PROPOSED SALE DATE: August 26, 2004 **PRINCIPAL TO BE SOLD:** $17,000,000

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

☒ No ☐ Yes, proposed amount for refunding $_____

Issuer Contact:

Name: Steve Duran

Title: Executive Director

Address: 1401 Marina Way South, Richmond, CA 94804

Phone: (510) 231-3047 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: Amira Jackmon

Firm/Agency: Orrick, Herrington & Sutcliffe LLP

Address: 405 Howard Street, San Francisco, CA 94105

Phone: (415) 773-5936 E-mail: ajackmon@orrick.com

Send acknowledgement/copies to: Same

FINANCING PARTICIPANTS:

BOND COUNSEL: Orrick, Herrington & Sutcliffe LLP

FINANCIAL ADVISOR: _____

UNDERWRITER\PURCHASER: RBC Dain Rauscher

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: _____

[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.*

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

COPY

For Office Use Only
RCVD NOV 1 '04

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 #: 2004-1513

ISSUER NAME: Richmond Joint Powers Financing Authority

(If pool bond, list participants)

ISSUE NAME: Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds Series 2004B (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: October 14, 2004 **PRINCIPAL SOLD:** $2,000,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?[1]

☒ No ☐ Yes, refunding amount (including costs) $_____

Issuer Contact:

Name: Steve Duran

Title: Executive Director

Address: 1401 Marina Way South, Richmond, CA 94804

Phone: (510) 231-3047 **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: Amira Jackmon, Esq.

Firm/Agency: Orrick, Herrington & Sutcliffe LLP

Address: The Orrick Building, 405 Howard Street, San Francisco, CA 94105

Phone: (415) 773-5936 **E-mail:** ajackmon@orrick.com

Send acknowledgement/copies to: Paul Toland, Project Manager

Name of individual to whom an invoice for the CDIAC issue fee should be sent:[2]

Name: Robert Williams

Firm: RBC Dain Rauscher

Address: 345 California Street, Suite 2800, San Francisco, CA 94104

Phone: (415) 445-8674

[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 CDLAC 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 CDLAC.*

FINANCING PARTICIPANTS (Firm Name) **OFFICE LOCATION** (City/State)

FINANCIAL ADVISOR: N/A — N/A

LEAD UNDERWRITER/PURCHASER: RBC Dain Rauscher — San Francisco, California

BOND COUNSEL: Orrick, Herrington & Sutcliffe LLP — San Francisco, California

TRUSTEE/PAYING AGENT: Union Bank of California, N.A. — 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, 2026

FIRST OPTIONAL CALL DATE: September 1, 2014

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: N/A

ENHANCEMENT EXPIRATION DATE: N/A

INDICATE CREDIT RATING:

(For example, "AAA" or "Aaa"
☐ Not Rated
☒ Rated
Standard & Poor's: AAA (insured)
A- (underlying)
Fitch: AAA (insured)
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 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 ☒ No

INTEREST TYPE: ☒ NIC ☐ TIC ☐ Variable

INTEREST COST: 4.269620%

CAPITAL APPRECIATION BOND: ☐ Yes ☒ No

ISSUANCE COSTS AND FEES:

A) Management Fee	$Please obtain
B) Total Takedown	$from Issuer
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
RCVD NOV 1 '04

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 #: 2004-1515

ISSUER NAME: Richmond Joint Powers Financing Authority

(If pool bond, list participants)

ISSUE NAME: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2004A (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: October 15, 2004 **PRINCIPAL SOLD:** $15,000,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?[1]

☒ No ☐ Yes, refunding amount (including costs) $_____

Issuer Contact:

Name: Steve Duran

Title: Executive Director

Address: 1401 Marina Way South, Richmond, CA 94804

Phone: (510) 231-3047 **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: Amira Jackmon, Esq.

Firm/Agency: The Orrick Building, Orrick, Herrington & Sutcliffe LLP

Address: 405 Howard Street, San Francisco, CA 94105

Phone: (415) 773-5936 **E-mail:** ajackmon@orrick.com

Send acknowledgement/copies to: Paul Toland, Project Manager

Name of individual to whom an invoice for the CDIAC issue fee should be sent:[2]

Name: Robert Williams

Firm: RBC Dain Rauscher

Address: 345 California Street, Suite 2800, San Francisco, CA 94104

Phone: (415) 445-8674

---

[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: N/A

LEAD UNDERWRITER/PURCHASER: RBC Dain Rauscher

BOND COUNSEL: Orrick, Herrington & Sutcliffe LLP

TRUSTEE/PAYING AGENT: Union Bank of California, N.A.

OFFICE LOCATION (City/State)

N/A

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, 2026

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: N/A

ENHANCEMENT EXPIRATION DATE: N/A

INDICATE CREDIT RATING:

(For example, "AAA" or "Aaa"
☐ Not Rated
☒ Rated
Standard & Poor's: AAA (insured)
A- (underlying)
Fitch: AAA (insured)
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 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 ☐ No

INTEREST TYPE: ☐ NIC ☐ TIC ☐ Variable

INTEREST COST: 5.301925%

CAPITAL APPRECIATION BOND: ☐ Yes ☒ No

ISSUANCE COSTS AND FEES:

A) Management Fee	$Please obtain
B) Total Takedown	$from Issuer
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: $_____

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

August 25, 2004

TO: Amira Jackmon
Orrick Herrington & Sutcliffe
The Orrick Bldg
405 Howard St
San Francisco, CA 94105-2669

FROM: Lisa M. Harris, Executive Director

RE: ACKNOWLEDGEMENT OF REPORT OF PROPOSED DEBT ISSUANCE

Section 8855(k) 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:	2004-1515
Issuer:	Richmond Joint Powers Financing Authority
Project:	Series A Taxable
Proposed Amount:	$10,000,000.00
Proposed Sale Date:	August 26, 2004
Date Notice Received:	August 17, 2004

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: Steve Duran
Executive Director

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

August 25, 2004

TO: Amira Jackmon
Orrick Herrington & Sutcliffe
The Orrick Bldg
405 Howard St
San Francisco, CA 94105-2669

FROM: Lisa M. Harris, Executive Director

RE: ACKNOWLEDGEMENT OF REPORT OF PROPOSED DEBT ISSUANCE

Section 8855(k) 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:	2004-1513
Issuer:	Richmond Joint Powers Financing Authority
Project:	Series B
Proposed Amount:	$2,000,000.00
Proposed Sale Date:	August 26, 2004
Date Notice Received:	August 17, 2004

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: Steve Duran
Executive Director

$2,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BONDS,
SERIES 2004B (TAX-EXEMPT)

CERTIFICATE OF MAILING FORM 8038-G

The undersigned, Paul Toland, states and certifies as follows:

That for and on behalf of the **Richmond Joint Powers Financing Authority** on the date hereof, I caused to be mailed an Information Return for Tax-Exempt Governmental Obligations Form 8038-G relating to the captioned Bonds, postage prepaid, via certified mail, return-receipt requested, to the Internal Revenue Service Center, Ogden Utah 84201, a true copy of which Information Return is hereto attached.

Dated: October 28, 2004

Paul Toland, Project Manager
Orrick, Herrington & Sutcliffe LLP

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, P.O. Box 4046**	Room/suite **N/A**	4 Report number **3 2004-01**
5	City, town, or post office, state, and ZIP code **Richmond, CA 94804**	6	Date of issue **October 28, 2004**
7	Name of issue **Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds Series 2004B (Tax-Exempt)**	8	CUSIP number **76443N DS 0**
9	Name and title of officer or legal representative whom the IRS may call for more information **Patrick Samsell, Treasurer/Auditor**	10	Telephone number of officer or legal representative **(510) 620-6740**

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	1,998,492
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
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 ▶ ☐		

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	**September 1, 2026**	$ **1,998,492**	$ **2,000,000**	**12.73191** years	**4.3009** %

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	1,998,492
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	47,706		
25	Proceeds used for credit enhancement	25	16,658		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	199,964		
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	264,328
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,734,164

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	0
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	0
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	0
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.

Patrick Samsell 10-28-04
Signature of issuer's authorized representative Date

Patrick Samsell
Treasurer/Auditor
Patrick Samsell, Treasurer
Type or print name and title

AGENCY RECEIPT FOR FUNDS AND CERTIFICATE OF DEPOSIT

The undersigned, as Executive Director of the Richmond Redevelopment Agency (the "Agency"), hereby certifies on behalf of the Agency, with respect to the Richmond Joint Powers Financing Authority's Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and the Richmond Joint Powers Financing Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and together with the Series 2004A Bonds, the "Bonds") that:

(1) On the date hereof he received from Union Bank of California, N.A., as Trustee for the Bonds (the "Trustee"), the sum of $2,289,431.62 from the proceeds of the sale of the Series 2004A Bonds, and that he deposited said sum in the 2004A Non-Housing Project Account pursuant to Section 2.04(b) of the Non-Housing Loan Agreement dated as of October 1, 2004, by and between the Agency and the Authority (the "Non-Housing Loan Agreement").

(2) On the date hereof he received from the Trustee, the sum of $4,330,455.99 from the proceeds of the sale of the Series 2004A Bonds, and that he deposited said sum in the Housing Fund pursuant to Section 2.04(a) of the Housing Loan Agreement dated as of October 1, 2004, by and between the Agency and the Authority (the "Housing Loan Agreement") and the sum of $1,734,164.25 from the proceeds of sale of the Series 2004B Bonds, and that he deposited said sum in the Housing Fund pursuant to section 2.04(b) of the Housing Loan Agreement.

Dated: October 28, 2004

RICHMOND REDEVELOPMENT AGENCY

Steve Duran
Executive Director

CITY OF RICHMOND
RECEIPT FOR FUNDS

The undersigned, Finance Director of the City of Richmond (the "City"), hereby certifies on behalf of the City, with respect to the Loan Agreement, dated August 27, 2003, as amended by the Amended and Restated Loan Agreement, dated March 12, 2004, by and between the City and the Richmond Redevelopment Agency (the "Agency"), that:

On the date hereof he received from Union Bank of California, N.A., as Trustee for the Richmond Joint Powers Financing Authority's Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and the Richmond Joint Powers Financing Housing Set-Aside Tax Allocation Revenue Bonds (Tax-Exempt) (the "Series 2004B Bonds" and together with the Series 2004A Bonds, the "Bonds"), the sum of $6,367,031.40 from the proceeds of the sale of the Series 2004A Bonds in full and final payment of all obligations owed by the Agency to the City.

Dated: October 28, 2004

CITY OF RICHMOND

Pat Samsell
Finance Director

XL CAPITAL ASSURANCE

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, NY 10020-1001
Phone 212 478-3400
Fax 212 478-3587
www.xlca.com

October 28, 2004

To the Parties Listed in Schedule A

Re: $17,000,000 Richmond Joint Powers Financing Authority, California Consisting of: $15,000,000 Tax Allocation Revenue Bonds, Series 2004A (Taxable) and $2,000,000 Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Bonds")

Ladies and Gentlemen:

I am Associate General Counsel of XL Capital Assurance Inc., a New York corporation (the "Corporation"), and have acted as counsel to the Corporation in connection with the issuance of municipal bond insurance Policy No. CA01290A (the "Policy") relating to the above-captioned Bonds.

In so acting, I have examined a copy of the Policy 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 Policy under the laws of the State of New York.

2. The Policy has been duly executed and is a valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policy 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).

3. The Policy is not required to be registered under the Securities Act of 1933, as amended.

I am qualified to practice law in the State of New York and do not purport to be an expert on, or to express any opinion concerning, any law other than the laws of the State of New York and the Federal laws of the United States of America.

This opinion is being delivered to you in connection with the issuance of the Policy and may not be relied upon for any other purposes or by any other person without my express written consent.

Very truly yours,

William J. Rizzo
Associate General Counsel

Schedule A

Richmond Joint Powers Financing Authority
Richmond, California

Union Bank of California
San Francisco, California

RBC Dain Rauscher
San Francisco, California

Fannie Mae
Washington, District of Columbia

Office of the City Attorney
CITY OF RICHMOND
City Hall
1401 Marina Bay South, Post Office Box 4046
Richmond, California 94804
(510)620-6509 ● FAX (510)620-6518

EVERETT JENKINS
Acting City Attorney

October 28, 2004

Richmond Joint Powers Financing Authority
Richmond, California

RBC Dain Rauscher Inc.
San Francisco, California

Fannie Mae
Washington, D.C.

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

Re: Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds Series 2004A (Taxable)
and Housing Set-Aside Tax Allocation Revenue Bonds
Series 2004B (Tax-Exempt)

Ladies and Gentlemen:

I am the 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 2004A (Taxable) (the "Series A Bonds"), and $12,500,000 aggregate principal amount of Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (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 Contract, dated as of October 14, 2004 (the "Bond Purchase Contract"), by and among the Authority, the Richmond Redevelopment Agency 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 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 Contract.

2. The Official Statement has been duly authorized by the Authority.

3. The resolutions of the Authority, adopted on July 20, 2004 and September 28, 2004, approving and authorizing the execution and delivery of the Bonds, the Bond Purchase Contract, the Loan Agreements, the Trust Agreement (collectively, the "Authority Documents"), and the Official Statement were duly adopted at meetings of the governing board of the Authority that were 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,

Rachel Dragolovich

RACHEL DRAGOLOVICH
Assistant City Attorney

Office of the City Attorney
CITY OF RICHMOND
City Hall
1401 Marina Bay South, Post Office Box 4046
Richmond, California 94804
(510)620-6509 ● FAX (510)620-6518

EVERETT JENKINS
Acting City Attorney

October 28, 2004

Richmond Redevelopment Agency
Richmond, California

RBC Dain Rauscher Inc.
San Francisco, California

Fannie Mae
Washington, D.C.

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

Re: Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2004A (Taxable)
and Housing Set-Aside Tax Allocation Revenue Bonds
Series 2004B (Tax-Exempt)

Ladies and Gentlemen:

I am the 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 2004A (Taxable) (the "Series A Bonds"), and $12,500,000 aggregate principal amount of Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (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 Contract, dated as of October 14, 2004 (the "Bond Purchase Contract"), by and among the Agency, the Richmond Joint Powers Financing 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, 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 Contract.

2. The Official Statement has been duly authorized by the Agency.

3. The resolutions of the Agency, adopted on July 20, 2004 and September 28, 2004, approving and authorizing the execution and delivery of the Loan Agreements and approving a Continuing Disclosure Agreement, were duly adopted at meetings of the governing board of the Agency that were 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 Agreements, 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 Agreements or the Continuing Disclosure Agreement or the validity of the Loan Agreements, or the Continuing Disclosure Agreement.

5. The Loan Agreements 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,

Rachel Dragolovich

RACHEL DRAGOLOVICH
Assistant City Attorney

UNION BANK OF CALIFORNIA

LEGAL DIVISION

October 28, 2004

City of Richmond
Richmond Joint Powers Financing Authority
Richmond, California

Stone & Youngberg LLC
San Francisco, California

XL Capital Assurance
New York, New York

Re: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2004A (Taxable) and Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds Series 2004B (Tax-Exempt)

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 October 1, 2004 (the "Trust Agreement") between the Richmond Joint Powers Financing Authority (the "Authority") and the Trustee and relating to the issuance of the above-captioned bonds (collectively the "Bonds").

In that connection I have reviewed the following: (i) the Trust Agreement; (ii) that certain Continuing Disclosure Agreement (the "Disclosure Agreement") dated as of October 1, 2004 between the Authority and the Trustee in its capacity as dissemination agent; (iii) the Articles of Association and Bylaws of the Trustee and resolutions of the Trustee with respect to signing authority; and (iv) 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 and the Disclosure 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 the Disclosure Agreement,

445 SOUTH FIGUEROA STREET, LOS ANGELES, CALIFORNIA 90071-1602
P.O. BOX 513100, LOS ANGELES, CALIFORNIA 90051-1100
213 236 5477 FAX 213 627 1819

and that the Trust Agreement and the Disclosure Agreement each 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.

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 the Disclosure Agreement; and

2. The Trustee has duly authorized, executed and delivered the Trust Agreement and the Disclosure Agreement, and the Trust Agreement and the Disclosure Agreement constitute the legal, valid and binding obligations of the Trustee enforceable in accordance with their respective 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

UNION BANK OF CALIFORNIA

LEGAL DIVISION

October 28, 2004

Fannie Mae
Washington, D.C.

Re: Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2004A (Taxable) and Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds Series 2004B (Tax-Exempt)

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 October 1, 2004 (the "Trust Agreement") between the Richmond Joint Powers Financing Authority (the "Authority") and the Trustee and relating to the issuance of the above-captioned bonds (collectively the "Bonds"). In that connection, I have delivered my opinion dated the date hereof addressed to the City of Richmond, the Richmond Joint Powers Financing Authority, Stone & Youngberg LLC and XL Capital Assurance. You may rely on said opinion as though the same were addressed to you.

Very truly yours,

JANIS S. PENTON
Vice President and Senior Counsel

JSP/ppm/03-8034-15132

445 SOUTH FIGUEROA STREET, LOS ANGELES, CALIFORNIA 90071-1602
P.O. BOX 513100, LOS ANGELES, CALIFORNIA 90051-1100
213 236 5477 FAX 213 627 1819

ORRICK, HERRINGTON & SUTCLIFFE LLP
THE ORRICK BUILDING
405 HOWARD STREET
SAN FRANCISCO, CA 94105-2669
tel 415-773-5700
fax 415-773-5759
WWW.ORRICK.COM

October 28, 2004

Richmond Joint Powers Financing Authority
Richmond, California

Re: Richmond Joint Powers Financing
Tax Allocation Revenue Bonds, Series 2004A (Taxable) and
Housing Set-Aside Tax Allocation Revenue Bonds,
Series 2004A (Taxable) and Series 2004B (Tax-Exempt)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Richmond Joint Powers Financing Authority (the "Authority") of $15,000,000 aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and $2,000,000 aggregate principal amount of bonds designated the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and, together with the Series 2004A Bonds, the "Bonds") issued pursuant 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 October 1, 2004 (the "Trust Agreement"), by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"). 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, a Loan Agreement (Non-Housing) and a Loan Agreement (Housing), each dated as of October 1, 2004 (collectively, the "Loan Agreements"), 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 Agreements, 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 Agreements 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 2004B 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 Agreements 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 Agreements have been duly adopted by, and constitute, valid and binding obligations of, the Authority and the Agency. The Non-Housing Loan Agreement creates a valid pledge of the Pledged Tax Revenues to secure the obligation to make Loan Payments

ORRICK

thereunder, subject to the provisions of such agreements permitting the application thereof for the purposes and upon the terms and conditions set forth therein. The Housing Loan Agreement creates a valid pledge of the Pledged Housing Set Aside 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 2004B 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 2004B 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
THE ORRICK BUILDING
405 HOWARD STREET
SAN FRANCISCO, CA 94105-2669
tel 415-773-5700
fax 415-773-5759
WWW.ORRICK.COM

October 28, 2004

RBC Dain Rauscher Inc.
345 California Street, Suite 2800
San Francisco, CA 94104

Re: Richmond Joint Powers Authority
Tax Allocation Revenue Bonds, Series 2004A (Taxable) and
Housing Set-Aside Tax Allocation Revenue Bonds,
Series 2004A (Taxable) and Series 2004B (Tax-Exempt)
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as Underwriter, pursuant to Section 7(d)(2) of the Bond Purchase Contract, dated October 15, 2004 (the "Purchase Contract"), by and among you, the Richmond Redevelopment Agency and the Richmond Joint Powers Financing Authority (the "Authority"), providing for the purchase of $15,000,000 principal amount of the Richmond Joint Powers Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and $2,000,000 aggregate principal amount of bonds designated Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the "Series 2004B Bonds" and together with the Series 2004A 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 October 1, 2004 (the "Trust Agreement"), between the Authority and Union Bank of California, N.A., as Trustee (the "Trustee"). 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 Agreements, and the Tax Certificate of the Authority and the Agency, dated the date hereof (the "Tax Certificate"), certain portions of the Official Statement dated October 15, 2004, relating to the Bonds (the "Official Statement"), the Continuing Disclosure Agreement, 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 Agreements, the Tax Certificate, the Continuing Disclosure Agreement 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 Financial Guaranty Insurance Policy.

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 Bonds, the Loan Agreements, the Trust Agreement and our Bond Opinion concerning certain federal tax matters relating to the Series 2004B Bonds, are accurate in all material respects.

ORRICK

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 & 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 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 Financial Guaranty Insurance Policy, book-entry or DTC, 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
THE ORRICK BUILDING
405 HOWARD STREET
SAN FRANCISCO, CA 94105-2669
tel 415-773-5700
fax 415-773-5759
WWW.ORRICK.COM

October 28, 2004

XL Capital Assurance, Inc.
1221 Avenue of the Americas
New York, New York

Re: Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2004A (Taxable)

Richmond Joint Powers Financing Authority
Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)

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 of the Bonds.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

ORRICK, HERRINGTON & SUTCLIFFE LLP

ORRICK

ORRICK, HERRINGTON & SUTCLIFFE LLP
THE ORRICK BUILDING
405 HOWARD STREET
SAN FRANCISCO, CA 94105-2669
tel 415-773-5700
fax 415-773-5759
WWW.ORRICK.COM

October 28, 2004

Fannie Mae
Washington, D.C.

Re: Richmond Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2004A (Taxable)

Richmond Joint Powers Financing Authority
Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt)

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 (the "Issuer"). You may rely on said opinion as though the same were addressed to you.

No attorney-client relationship has existed or exists between the addressees of this letter and our firm in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as a purchaser of the Bonds, is solely for the benefit of you as purchaser 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 any subsequent purchaser 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

$15,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2004A (TAXABLE)

$2,000,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
HOUSING SET-ASIDE TAX ALLOCATION REVENUE BONDS, SERIES 2004B (TAX-EXEMPT)

CLOSING MEMORANDUM

The following memorandum will summarize the procedures to be followed in completing the issuance, sale and delivery of $15,000,000 aggregate principal amount of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable) (the "Series 2004A Bonds") and $2,000,000 aggregate principal amount of the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the Series 2004B Bonds").

Time and Place

The pre-closing will be held in the offices of Orrick, Herrington & Sutcliffe LLP, The Orrick Building, 405 Howard Street, the Wheeling Room, San Francisco, California, at 1:00 p.m., on Wednesday, October 27, 2004. The Closing will be by telephone conference among the Underwriter, Bond Insurer, Trustee, DTC and Bond Counsel at 8:00 a.m. (West Coast time) on Thursday, October 28, 2004.

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");

Rachel Dragolovich, Esq., Assistant City Attorney (the "Authority's Counsel" and the "Agency's Counsel");

Union Bank of California, N.A. (the "Trustee");

Union Bank of California – Legal Division (the "Trustee's Counsel");

RBC Dain Rauscher (the "Underwriter");

Fannie Mae (the "Placed Bonds Purchaser");

Fraser & Associates (the "Tax Consultant");

XL Capital Assurance Inc. (the "Bond Insurer"); and

Orrick, Herrington & Sutcliffe LLP (the "Bond Counsel" and the "Disclosure Counsel").

PART I

DOCUMENTS TO BE DELIVERED PRIOR TO CLOSING

The parties indicated above will deliver six (6) 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 October 28, 2004 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.

1. Resolution No. 04-02, a Resolution of the Richmond Joint Powers Financing Authority Amending Resolution No. 04-01 Authorizing The Issuance, Sale And Delivery of its Tax Allocation Revenue Bonds, Series 2004A (Taxable) and its Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt), and approving the Forms and Substance of a Trust Agreement, an Official Statement, a Bond Purchase Contract, and Two Loan Agreements, and Authorizing the Execution and Delivery Thereof and Authorizing certain other Actions in Connection with the Issuance, Sale and Delivery of such Bonds, adopted on September 28, 2004. (Authority)

2. Resolution No. 04-43, a Resolution of the Agency Board of the Richmond Redevelopment Agency Amending Resolution No. 04-27 Approving Loan Agreements with the Richmond Joint Powers Financing Authority and Approving a Continuing Disclosure Agreement, adopted on September 28, 2004. (Agency)

3. Resolution No. 135-04, a Resolution of the City Council of the City of Richmond Amending Resolution No. 105-04 Authorizing the Richmond Redevelopment Agency to Enter into Loan Agreements with the Richmond Joint Powers Financing Authority, adopted on September 28, 2004. (City)

4. Certificate Regarding Joint Exercise of Powers Agreement, and Exhibit A, Joint Exercise of Powers Agreement between the City of Richmond and the Richmond Redevelopment Agency dated December 1, 1989, Exhibit B, List of Members of the Authority, and Exhibit C, Notice to Secretary of State. (Authority)

5. Trust Agreement between the Richmond Joint Powers Financing Authority and the Trustee, dated as of October 1, 2004 (Bond Counsel)

6. Non-Housing Loan Agreement by and between the Agency and the Authority, dated as of October 1, 2004 (Bond Counsel)

7. Housing Loan Agreement by and between the Agency and the Authority, dated as of October 1, 2004 (Bond Counsel)

8. Bond Purchase Contract among the Authority, the Agency and the Underwriter dated October 15, 2004. (Underwriter)

9. Preliminary Official Statement dated October 7, 2004. (Disclosure Counsel)

10. 15c2-12 Certificate. (Disclosure Counsel)

11. Official Statement dated October 15, 2004. (Disclosure Counsel)

12. DTC Blanket Letter of Representations. (Bond Counsel)

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. Continuing Disclosure Agreement. (Disclosure Counsel)

16. Acknowledgment of Continuing Disclosure Obligations. (Bond Counsel)

17. Certificate of the Agency pursuant to Section 7(d)(6) of the Bond Purchase Contract. (Bond Counsel)

18. Authentication Certificate of the Trustee, together with Incumbency Certificate and General Resolution. (Bond Counsel)

19. Incumbency Certificate and General Resolution of Trustee (Trustee)

20. Certificate of the Authority pursuant to Section 7(d)(7) of the Bond Purchase Contract. (Bond Counsel)

21. Certificate of the Trustee. (Bond Counsel)

22. Tax Certificate for the Series 2004B Bonds, including Exhibit A, Certificate of the Underwriter, Exhibit B, Certificate of the Placed Bond Purchaser and Exhibit C, Certificate of the Bond Insurer. (Bond Counsel)

23. Written Request of the Authority to the Trustee. (Bond Counsel)

24. Trustee's Certificate of Deposit and Receipt. (Bond Counsel)

25. Certificate of Fiscal Consultant. (Bond Counsel)

26. Receipt for Underwritten Bonds. (Bond Counsel)

27. Receipt for Placed Bonds. (Bond Counsel)

28. Requisition No. 1. (Bond Counsel)

29. Specimen of the Series 2004A Bonds. (Bond Counsel)

30. Specimen of the Series 2004B Bonds. (Bond Counsel)

31. Financial Guaranty Insurance Policy. (Bond Insurer)

32. Certificate of Insurer Re Official Statement. (Bond Insurer)

33. Rating letters from Standard & Poor's Corporation and Fitch, Inc. (Bond Insurer)

34. Report of Proposed Debt Issuance to California Debt Advisory Commission (Series 2004A and Series 2004B). (Bond Counsel)

35. Report of Final Sale to California Debt Advisory Commission (Series 2004A and Series 2004B). (Bond Counsel)

36. IRS Form 8038-G (Series 2004B Bonds). (Bond Counsel)

37. Agency Receipt for Funds and Certificate of Deposit. (Bond Counsel)

38. City of Richmond Receipt for Funds. (Bond Counsel)

39. Opinion of Bond Insurer's Counsel. (Bond Insurer)

40. Opinion of Authority's Counsel. (Authority's Counsel)

41. Opinion of Agency's Counsel. (Agency's Counsel)

42. Opinion of Trustee's Counsel. (Trustee's Counsel)

43. Final Opinion of Bond Counsel. (Bond Counsel)

44. Supplemental Opinion of Bond Counsel. (Bond Counsel)

45. Reliance Letter to Bond Insurer. (Bond Counsel)

46. Reliance Letter to Fannie Mae. (Bond Counsel)

47. Closing Memorandum. (Bond Counsel)

48. Interested Parties List (Bond Counsel)

PART II

BOND CLOSING

The following will take place at the time of the Closing:

1. (a) The Underwriter shall wire transfer immediately available funds (1) to the Bond Insurer the total insurance premium for the Series 2004A Bonds and the Series 2004B Bonds in the amount of $170,647.93 and (2) to the Trustee the aggregate amount of $9,633,775.62 computed as follows:

	Series 2004A Bonds	**Series 2004B Bonds**	**Total**
	Underwritten Bonds	**Underwritten Bonds**	
Principal Amount	$8,840,000.00	$1,180,000.00	$10,020,000.00
Less Original Issue Discount)	1,568.75	1,507.70	3,076.45
Less Underwriter's Discount	110,500.00	14,750.00	125,250.00
Less Placement Agent Fee	77,000.00	10,250.00	87,250.00
Less Insurance Premium wired to the Insurer	153,989.57	16,658.36	170,647.93
Purchase Price wired to the Trustee	$8,496,941.68	$1,136,833.94	$9,633,775.62

(b) The Placed Bonds Purchaser shall wire transfer immediately available funds to the Trustee the aggregate amount of $6,980,000.00 computed as follows:

	Series 2004A Bonds (Placed Bonds)	**Series 2004B Bonds (Placed Bonds)**	**Total**
Principal Amount	$6,160,000.00	$820,000.00	$6,980,000.00

We understand that the respective wire instructions have been provided by the Bond Insurer and the Trustee to the Underwriter and the Placed Bonds Purchaser.

2. The Bond Insurer will release the insurance policy to the Trustee.

3. The Trustee shall apply the bond proceeds received from the Underwriter and the Placed Bonds Purchaser as directed in the Written Request of the Authority.

4. The Trustee will release the Series 2004A Bonds in the aggregate principal amount of $15,000,000 and the Series 2004B Bonds in the aggregate principal amount of $2,000,000 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.

RICHMOND JOINT POWERS FINANCING AUTHORITY TAX ALLOCATION REVENUE BONDS SERIES 2004A (TAXABLE)

Interested Parties List
as of 11/2/2004

ISSUER

City Attorney's Office
1401 Marina Way South
Richmond, CA 94804

Rachel Dragolovich
Assitant City Attorney
Email: rachel_dragolovich@ci.richmond.ca.us
PHONE: (510) 620-6509
FAX: (510) 620-6518

City of Richmond
Finance Department
P.O. Box 4046
1401 Marina Way South
Richmond, CA 94804
PHONE: (510) 620-6509
(www.ci.richmond.ca.us)

Phil Batchelor
Assistant City Manager
Email: phil_batchelor@ci.richmond.ca.us
PHONE: (510) 620-6512
FAX: (510) 620-6542

Jay Corey
Assistant City Manager
Email: jay_corey@ci.richmond.ca.us
PHONE: (510) 620-6697
FAX: (510) 620-6917

Pat Samsell
Finance Director
Email: pat_samsell@ci.richmond.ca.us
PHONE: (510) 620-6740
FAX: (510) 620-6917

City of Richmond, Community and Economic Development Department
1401 Marina Way South
Richmond, CA 94804
FAX: (510) 307-8149

Steve Duran
Community & Economic Development Director
Email: Steve_Duran@ci.richmond.ca.us
PHONE: (510) 231-3047
FAX: (510) 307-8149

Cheryl Gilmer
Administrative Secretary
Email: Cheryl_Gilmer@ci.richmond.ca.us
PHONE: (510) 231-3047
FAX: (510) 307-8149

Lisa Hamburger
PHONE: (510) 307--8133

Email: Lisa_hamburger@ci.richmond.ca.us — FAX: (510) 307-8195

Mitch Taylor
Senior Accountant
Email: Mitch_Taylor@ci.richmond.ca.us — PHONE: (510) 307-8135
FAX: (510) 307-8149

Alan Wolken
Email: Alan_Wolken@ci.richmond.ca.us — PHONE: (510) 307--8137
FAX: (510) 307-8195

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105-2669 — PHONE: (415) 773-5700
FAX: (415) 773-5759
(www.orrick.com)

John H. Knox
Partner
Email: jknox@orrick.com — PHONE: (415) 773-5626
FAX: (415) 773-5759

Amira A. Jackmon
Associate
Email: ajackmon@orrick.com — PHONE: (415) 773-5936
FAX: (415) 773-5759

Paul Toland
Project Manager
Email: ptoland@orrick.com — PHONE: (415) 773-5796
FAX: (415) 773-5759

UNDERWRITER

RBC Dain Rauscher
777 South Figueroa Street, Suite 850
Los Angeles, CA 90017

Steven Bernstein
Analyst
Email: steven.bernstein@rbcdain.com — PHONE: (213) 362-4134
FAX: (213) 362-4110

RBC Dain Rauscher
500 W. Madison Street
Chicago, IL 60661-2511

David Detmer
Managing Director
Email: david.detmer@rbcdain.com — PHONE: (312) 559-1678
FAX: (312) 559-1792

RBC Dain Rauscher
Fixed Income Banking
345 California Street — (www.rbcdain.com)

Suite 2800
San Francisco, CA 94104

Monique Fountaine
Administrative Assistant
Email: monique.fountaine@rbcdain.com
PHONE: (415) 445-8514
FAX: (415) 445-8679

Amy Weiner
Managing Director
Email: amy.weiner@rbcdain.com
PHONE: (415) 445-6377
FAX: (415) 445-8318

Bob Williams
Managing Director
Email: bob.williams@rbcdain.com
PHONE: (415) 445-8674
FAX: (415) 445-8679

TRUSTEE

Union Bank of California, N.A.
(www.uboc.com)
Corporate Trust Department
475 Sansome Street, 12th Floor
San Francisco, CA 94111

Sonia N. Flores
Vice President
Email: sonia.flores@uboc.com
PHONE: (415) 296-6754
FAX: (415) 296-6757

TRUSTEE'S COUNSEL

Union Bank of California
445 S. Figueroa Street
12th Floor
Los Angeles, CA 90071

Janis Penton
Vice President
Email: janis.penton@uboc.com
PHONE: (213) 236-5454
FAX: (213) 236-7575

BOND INSURER

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, NY 10020-1001

Helen Mendez
Closing Coordinator
Email: helen.mendez@xlca.com
PHONE: (212) 478-3626
FAX: (212) 478-3579

Tom Mulvihill
Director
PHONE: (212) 478-3615
FAX: (212) 478-3587

Email: thomas.mulvihill@xlca.com

TAX CONSULTANT

Fraser & Associates
225 Holmfirth Court
Roseville, CA 95661

Don Fraser
Email: dfraser@surewest.net

PHONE: (916) 791-8958
FAX: (916) 791-9234

RATING AGENCY

Standard & Poor's
One Market Plaza
Steuart Tower
Suite 1500
San Francisco, CA 94105-1000

FAX: (415) 371-5090
(www.standardandpoors.com)

Paul Dyson
Associate
Email: Paul_Dyson@standardandpoors.com

PHONE: (415) 371-5079
FAX: (415) 371-5086