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FILED

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K. TERRELL... SUPERIOR COURT  
COUNTY OF CONTRA COSTA  
CLERK

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF CONTRA COSTA

City of Richmond,

Plaintiff,

v.

ALL PERSONS INTERESTED IN THE  
MATTER OF THE ISSUANCE AND SALE OF  
BONDS FOR THE PURPOSE OF REFUNDING CERTAIN  
OBLIGATIONS THAT THE CITY OF RICHMOND  
OWES TO THE PUBLIC EMPLOYEES RETIREMENT  
SYSTEM ARISING UNDER PERS CONTRACT AND  
THE PUBLIC EMPLOYEES RETIREMENT LAW, AND  
CERTAIN PROCEEDINGS LEADING THERETO,  
INCLUDING THE ADOPTION OF A RESOLUTION THAT  
AUTHORIZES THE ISSUANCE OF BONDS AND THE  
EXECUTION AND DELIVERY OF AN INDENTURE, A  
SWAP AGREEMENT, AND AN INSURANCE  
AGREEMENT, RELATING TO THE ISSUANCE OF  
BONDS,

Defendants.

CASE NO. C 05-00637

~~PROPOSED~~ DEFAULT  
JUDGMENT IN VALIDATION  
PROCEEDING

Date: May 26, 2005  
Time: 9:00 a.m.  
Dept.: 2  
Judge: Hon. Barbara Zuniga

EXEMPT from filing fees per Govt.  
Code § 6103.

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[PROPOSED] DEFAULT JUDGMENT

1                   The Application for Default Judgment in Validation Proceeding and supporting  
2 papers filed by plaintiff City of Richmond (the "City") came properly before the Court for review  
3 and determination. The Court having reviewed the application, the supporting papers, the other  
4 papers and pleadings on file in this action, and good cause appearing, hereby ORDERS,  
5 ADJUDGES AND DECREES:

6                   1.       The City has complied with this Court's order providing for publication  
7 and service of the Summons. Jurisdiction over all persons interested in the subject matter of this  
8 action was established by the publication of the Summons in THE WEST COUNTY TIMES once each  
9 week for three successive weeks pursuant to Government Code section 6063 and by posting the  
10 Summons in two public locations within the City. The last date for interested persons to appear  
11 in this action was May 9, 2005. No interested person filed an answer or otherwise responded to  
12 the Complaint.

13                   2.       The notice procedures in accordance with California Civil Procedure Code  
14 section 860 *et seq.*, and the notice provided by the City in this action, provide under all applicable  
15 laws adequate notice to all persons interested in the subject matter of this action, and pursuant to  
16 such notice, this Court has jurisdiction over all persons and the subject matter of this action.

17                   3.       This action is properly brought under California Civil Procedure Code  
18 section 860 *et seq.* and Government Code section 53510 *et seq.*, and is entitled to expedited  
19 treatment under Civil Procedure Code section 867.

20                   4.       All proceedings by and for the City in connection with the Resolution, the  
21 issuance and sale of the Series 2005 Bonds and Additional Bonds, and the execution and delivery  
22 of the Indenture, the Swap Agreement, and the Insurance Agreement, all as authorized by the City  
23 in the Resolution and as defined in the City's Memorandum of Points and Authorities in Support  
24 of Application for Default Judgment in Validation Proceeding (the "Points and Authorities"),  
25 were, are and will be valid, legal and binding, and were, are and will be in conformity with the  
26 applicable provisions of all laws and enactments at any time in force or controlling upon such  
27 proceedings, whether imposed by law, constitution, or statute, and whether federal, state, or  
28 municipal, including but not limited to California Constitution Article XVI, Section 18.

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[PROPOSED] DEFAULT JUDGMENT

1           5. All conditions, things and acts required by law to exist, happen or be  
2 performed precedent to the adoption of the Resolution, and the terms and conditions thereof,  
3 including the authorization for the issuance and sale of the Series 2005 Bonds and Additional  
4 Bonds, and the execution and delivery of the Indenture, the Swap Agreement, and the Insurance  
5 Agreement, have existed, happened and been performed in the time and manner required by law.

6           6. The City's PERS Obligation, as defined in the Points and Authorities, is a  
7 valid, legal and binding obligation upon the City, and upon execution and delivery thereof, the  
8 Series 2005 Bonds and Additional Bonds, the Indenture, the Swap Agreement, and the Insurance  
9 Agreement, will be valid, legal and binding obligations of the City.

10           7. The City's PERS Obligation, the Series 2005 Bonds and Additional Bonds,  
11 including certain costs of issuance of such bonds, the Indenture, the Swap Agreement, and the  
12 Insurance Agreement, are obligations imposed by law and are valid, legal and binding obligations  
13 under the Article XVI, Section 18 of the California Constitution and the laws of the State.

14           8. The City's incurrence of any and all indebtedness and/or liability in  
15 connection with the City's PERS Obligation, the Series 2005 Bonds and Additional Bonds,  
16 including certain costs of issuance of such bonds, the Indenture, the Swap Agreement, and the  
17 Insurance Agreement, are exempt from and not subject to the debt limitation set forth in  
18 California Constitution Article XVI, Section 18.

19           9. The City has the authority under California law, including the provisions of  
20 Article XIII A, Section 1 of the California Constitution, to levy and collect the Pension Tax  
21 Override and to authorize the use and to use the Subordinate Pension Tax Override Revenues,  
22 derived from the Pension Tax Override, to the payment of the Series 2005 Bonds and Additional  
23 Bonds in the Applicable Percentage, all as defined in the Points and Authorities.

24           10. The Subordinate Pension Tax Override Revenues are legally available to  
25 be used to the payment of the Series 2005 Bonds and Additional Bonds, and the City's  
26 authorization of the use of the Subordinate Pension Tax Override Revenues to the payment of the  
27 Series 2005 Bonds and Additional Bonds in the Applicable Percentage is legal and valid.

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11. The Series 2005 Bonds and Additional Bonds are not indebtedness which constitutes a general obligation of the City for purposes of Article IX, Section 8 of the City Charter.

12. This judgment binds and permanently enjoins and restrains all persons or entities, public or private, from the institution of any action or proceeding challenging, *inter alia*, the validity of the Series 2005 Bonds and Additional Bonds, including certain costs of issuance of such bonds, the Indenture, the Swap Agreement, the Insurance Agreement, the City's authorization or application of the Subordinate Pension Tax Override Revenues to the payment of the Series 2005 Bonds and Additional Bonds in the Applicable Percentage, or any matters herein adjudicated or which could have been adjudicated against the City or against all other persons.

Dated: 5/25/05

BARBARA ZUNIGA

Honorable Barbara Zuniga  
Judge of the Superior Court